THE Freeman

IDEAS ON LIBERTY

MARCH 1966

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THE Freeman

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LEONARD E. READ *President,* Foundation for Economic Education

PAUL L. POIROT *Managing Editor*

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# WHY HUMANS MUST BE FREE

V. ORVAL WATTS

HUMANS DEVELOP their human qualities, they prosper and progress, as individuals exercise their powers of choice and recognize responsibility for their own acts.

This is why government cannot promote human progress except as it establishes freedom, which is the political condition for voluntary action.

For humans are not only purposive and inner-directed, as all living creatures are. They are also self-controlling. They choose their purposes and their methods for pursuing their purposes. They gain human quality only as they exercise this power of choice and learn to use it skillfully – that is, *wisely*.

Dr. Watts is Chairman of the Division of Social Studies at Northwood Institute, a private college dedicated to the philosophy and practice of free enterprise. This article is from lecture material for his course: *Survey of American Life and Business.*

Other creatures pursue purposes largely dictated by built-in reflexes and instincts. By instinct a bird seeks out certain kinds of food, builds its nest, preens its feathers, flies north in the spring and south in the fall. By instinct a hen scratches for food, and by instinct and conditioned reflexes a lion stalks its prey.

But man acts according to ideas which he himself fashions and selects in much the same way that he makes his clothing and selects his food.

True, he has certain reflexes and a few vague instincts. These take care of some of his more basic needs, such as his need for air and water – if he permits them to do so. But he may, if he chooses, recondition his own reflexes and act completely contrary to his instincts. Thus, expert swimmers

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and divers learn new breathing habits, and Hindu yogis learn to control even their heart beats.

Man gets his controlling ideas by using the evidence brought him by his senses. But he himself determines what senses he will use, how, when, and where he uses them, and what ideas he forms concerning the sensations they bring him. He may close his eyes and refuse to see what is before him, or he may reject what he sees as useless or unreal.

And as he sifts and reworks the data supplied him by his senses, he forms patterns of ideas, values, and purposes which govern his actions.

### *Man Is Responsible*

Because of this power of self-control, man is not only *accountable* for his acts, he is *responsible* for them. Like every other creature, he is accountable in that he must suffer penalties for error as he enjoys the rewards for being wise and efficient. But he is also responsible for his acts, in a way that others are not, in the sense of being "answerable as the primary cause, motive, or agent." (*Webster's Unabridged Dictionary*) For each individual human being can act or refuse to act as he wills, and whether he acts wisely or foolishly depends on ideas which only he, individually, can control.

It is true that a man may try to evade his responsibility by claiming that others compel him to act as he does. But as long as a person retains his human faculties, he remains self-controlling. When a bank teller obeys the command of an armed bandit and surrenders the bank's funds, we may excuse him on the ground that his employers and the bank's depositors do not expect him to risk his life by refusing. But he is nevertheless responsible for his act in that he chooses to make the surrender. We recognize this fact when we condemn a similar surrender by a guard who has pledged himself to resist such coercion.

Would we hold blameless the father who killed his child at the command of an armed thug? Then neither can we hold irresponsible any person who yields to intimidation, even though we agree that discretion is often better than valor.

### *Not the Same Purpose*

We should realize, however, that when a person yields to a threat of violence, his self-determined purpose is to avoid the violence rather than to accomplish the purpose of his assailant. If he wanted to do what his would-be masters command him to do, no violence or threat of injury would be necessary. When violence or intimida-

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tion is necessary to make men act, it is because the victims of it have purposes contrary to the purposes of the aggressors.

No external force can change either these purposes or the ideas from which they spring. They can be changed only by the will of the person who is to act. If the victim of violence chooses to act as his assailant directs, he does so, not because he has adopted his assailant's purpose, but in order to accomplish the quite different purpose of avoiding the threatened injury.

### *Force Can't Control Purpose*

It is this inescapable conflict of purposes that makes slavery, the "planned society," and the "welfare state" destructive of human values and character. The purpose of the slave masters may be to get certain work done. The purpose of the government officials may be to improve the understanding and character of their subjects. But increasingly, as time passes, the subjects of the coercion seek to escape from the threat of violence.

Fear of a master's lash or of a communist firing squad, for example, may cause men for a time to go through certain dictated motions, but these motions do not make efficient farmers. Instead, the private purposes of those who suffer from the coercion cause increasing inefficiency in pursuing the masters' purposes because these private purposes of the victims have to do with escape, resistance, or retaliation. These private purposes are the ones which enlist the victims' will and ingenuity. They are the only ones which the victims can pursue with energy or skill.

The final result depends on the victims' ideas about how they may best escape the threatened violence. They may decide on open flight or resistance, or they may choose secret sabotage and slowdowns. If they decide that all flight or resistance is hopeless, they are likely to feel increasing fatigue and depression ("laziness") when at work, with the gradual atrophy of will and initiative, along with increasing desires for the wasteful dissipation, or "vice," that characterize people long subject to enslavement and tyranny. To his report of a strike of trolley-car workers in Lodz, Poland, a few years ago, the Warsaw correspondent of *Newsweek* added these comments:

> The complaints of Lodz are echoed everywhere except among the peasants who have benefited from Gomulka's de-collectivization policy. In the cities, low living standards, desperate consumer-goods shortages, and hopelessness over the future all combine to throttle initiative. Walk-

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outs and work stoppages are on the increase. Thievery and drunkenness are rampant. Absenteeism runs as high as 30 per cent. Apathy characterizes the Polish worker. As a leading intellectual put it: "Grayness has entered our spirit."

### *Forced Goodness Turns into Evil*

Other victims of communist "planning" show similar evidences of demoralization. Says Mihajlo Mihajlov, Yugoslav lecturer at Zagreb University, writing of his recent experiences as an exchange student in Moscow:

> In each district there is a *vytrezvitelj*, a dispensary for sobering up drunks. . . . A liter of vodka costs as much as six long-playing records, and I cannot understand where all the drunks come from, yet at night you often meet drunks. . . .
>
> In the outlying sections of town, it is dangerous to go into the streets at night despite numerous patrols of *druzhinniki*, the special people's militia. (*The New Leader*, March 29, 1965, p. 4.)

If a man is to become an efficient farmer, he must want to farm, and he must recognize his responsibility for doing the things necessary to produce the crops. The slave can never become an efficient farmer if his real purpose is to avoid the lash rather than to raise crops, for it is to his private purpose that his thoughts and ingenuity turn even when he is unaware of the fact.

Similarly, when a person or group tries to compel others to be charitable, industrious, or thrifty, the victims of the coercion lose their sense of personal responsibility for acquiring these virtues. Deprived of opportunity to use and develop their human qualities of self-direction, they revert toward the animal level. At this lower level, they become more like domesticated cattle, lacking ingenuity, enterprise, and reasoning ability. Or, they may become as intractable as the tiger, the zebra, or the polar bear.

Says Mihajlov in the articles on Soviet Russia mentioned above: "Never was and never will anything be created in a man by force. Fortunately, as Berdyaev [Russian philosopher whose works are on the communist "black sheet"] says: 'Truth makes man free, but man must freely accept the Truth, he cannot be forced to accept it. Forced goodness is no longer good; it turns into evil.'" (*The New Leader*, June 7, 1965, p. 6.)

### *The Limits of Government's Power*

Now, government is an agency for compulsion. Men organize it and use it only to apply force and threat of force against their fellows. As a means for applying force, it can imprison or execute wrongdoers, recover stolen property, punish fraud, and repel in-

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vaders. In short, it can do to or for humans whatever force and violence can do: hurt them, restrain them, destroy them, take from them things they prize, or make them fear it will do one or more of these things to them.

As it uses its force to combat thieving, gangsterism, rioting, and armed invasion, government can free producers from interference. The more effectively it thus prevents such interference, the greater is the output of goods, and the greater are the revenues government can get for its own uses.

It is this service to producers that explains whatever production and progress we observe in the relatively more socialistic countries, such as Soviet Russia and Yugoslavia. The price (in terms of meddling and spoliation) which the rulers charge producers for their services in these more or less enslaved nations is exorbitant but not quite prohibitive.

Beyond this protective service to producers, government coercion not only has no usefulness, but it actually works to limit and reduce government's power. For, as it bullies producers in its effort to direct their labor and to get more production from them, it restricts their output and so reduces the flow of goods from which the government gets its own coercive weapons and manpower.

Such government bullying of producers has this effect because no external force can form a man's ideas or determine his purposes. No force or threat of violence, legal or illegal, can inspire the desire to do good or the will to do evil. It cannot make men compassionate, thrifty, foresighted, or industrious. It cannot awaken their sense of responsibility.

In short, force, violence, and intimidation cannot make bad men good or good men better. For no man is merely clay to be molded by his fellows, whether they be government officials, teachers, employers, or his neighbors. Nor is he a machine for going through certain prescribed motions at the command of any master or government.

Instead, man fulfills his Creator's purpose only as he develops the power to know and choose good and reject evil. The compulsions of the welfare state can no more develop this power in its subjects than riding men about in wagons can make them into long-distance runners or star football players. Every human being's progress depends on the amount of effort that he himself exerts in pursuit of good purposes. Among the essential conditions for this effort are the opportunities, the risks, and even the obstacles, of freedom. ◈

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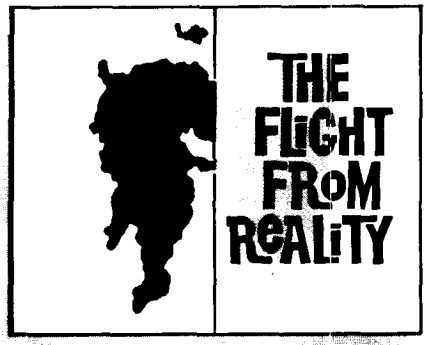


# 18. The Origins of Reform Methods

CLARENCE B. CARSON

THERE IS NOT, to my knowledge, any thorough historical study of the origins of reform methods. References to this subject are apt to be casual; for example, that Marx did not tell precisely how a country went about achieving communism. This absence of careful study is the more amazing in view of the tremendous amount of scholarly activity in this century, accelerated by the increasing numbers of students undertaking and completing doctoral work. Revolutionaries, reformers, and their assorted "isms" have come in for a great deal of study, of course. But the focus of such studies has usually been upon ideas and ideologies, their origin, development, and spread. It is as if ideas, aims, and purposes were all-important but how they were put into effect was of little or no account. It is likely that historians are reflecting their materials when they give this emphasis, for reformers have been concerned mainly with their central ideas, or obsessions, and with the great results that would occur once they were put into effect, not deigning to concern themselves overmuch with the vulgar business of making them operational.

Yet method is extremely important; for social reformers, it should be all-important, for their ideas are instruments for changing the existing state of things. If this could be done, it would have to be done by the methods adopted for the purpose, and by methods adapted to the purpose. The results achieved will be those that follow from the methods used.

Dr. Carson is Professor of American History at Grove City College, Pennsylvania. Among his earlier writings in THE FREEMAN were his series on *The Fateful Turn* and *The American Tradition*, both of which are now available as books.



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The consequences of actions are determined by the methods rather than by the intent, purpose, desire, will, wish, hope, or faith of those who act. Dreams, hopes, visions, ideas, purposes, and desires may move a man to act; but, however noble his purpose, however much enthusiasm he brings to the matter, however much thought he may have given to the idea that something ought to be done, his actions will still be only as effective as the methods he adopts for achieving his end.

### *The Theory in Practice*

It may well be that many reformers and revolutionists have believed their aims would be achieved by such things as the inevitable working out of the inherent processes of history, by the victory of some ideology in the contest of ideas, by men of good will when they have in their hands the instruments of government, by the withering away of government, by a politically conscious elite acting for the "people" or the "proletariat," by a return to nature, or by the enfranchisement of whole adult populations. But when revolutionists and reformers have actually come to power, they have come face to face with the problem of method which they had hitherto evaded. That is, how is the sought-after social reconstruction to be brought about? How is an ideology to be turned into actuality? How does one go about, for example, realizing the "principle," "from each according to his ability, to each according to his need"? How can the ability of a man be determined? It cannot be with any exactitude, but if it could, it would only pose a new problem. How can a man be induced to perform according to his ability? If he does not, what is to be done? In general, either the rewards or punishments will have to be increased. But, according to the Marxian formulation, the rewards are not to be apportioned in terms of performance. That means that the punishment will have to be increased, an excellent device for tyranny but not one calculated to get from each according to his ability. The latter part of the famous formulation poses just as great practical difficulties as the first. What are the needs of a person? Who is to determine them? If they could be determined, how would they be met? By what instrumentalities would the goods be gathered and handed out to the needy? What assurance would there be that this would be done "justly"?

Nearer home, note these pronouncements by Theodore Roosevelt in his acceptance speech following his nomination by the

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Progressive party in 1912. "Our aim is to promote prosperity, and then see to its proper division .... We wish to control big business so as to secure among other things good wages for the wageworkers and reasonable prices for the consumers." What are "good wages" for workingmen? What are "reasonable prices" for consumer goods? Even if these questions could be answered, other than in the marketplace, how could government go about securing these ends? Who would decide what are "reasonable" prices? How would he go about administering them? By what instrumentalities would such controls be effected? What institutions are appropriate to such regulation?

### *Scant Attention to Methods*

In the nineteenth century, reformers and revolutionaries usually talked in the broadest generalities. They favored the expropriation of the expropriators, a single tax upon the unearned increment or social surplus, government ownership of the means of production, or government ownership of public utilities. How would property be taken over? Who would manage it? Who would determine what should be produced? Who would determine what prices should be paid for goods? How would these things be determined? Americans did not usually talk the language of revolution, not if they expected to be elected to office; but they, too, often talked vaguely about how their ends were to be achieved and glowingly about the ends.

This lack of attention to methods has often become apparent when socialists have come to political power. In Soviet Russia, following the Bolshevik seizure of power, chaos reigned, particularly from 1917 to 1921. The communists were rather adept at the destruction of the existing order, at murder, at regicide, at expropriation; but they knew almost nothing about building and producing. Force is, after all, much better suited to destruction than to construction. Moreover, ideologues often have only the foggiest of notions about how the world's work gets done. But the important point here is that the socialists in Russia had not devised methods, if such could be devised, for accomplishing their aims. Almost thirty years later, when the Labor party finally came to power with a full commitment to the "nationalization" of major industries in England, they still had only the vaguest of ideas as to how this could be accomplished.

That is not to say that methods of reform have not been adopted. Even communist revolutions have become somewhat stylized. Fa-

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bians, or gradualists, have adopted methods, too, and these have tended to be universalized. In the United States, where the socialist tendency has been gradual, methods have been adopted for each reformist move, and the move has been made by and with the method adopted. This reflects the legalistic approach to socialism. In other words, insofar as reform has been undertaken within the existing framework, and insofar as the existing framework requires government by law, reforms have been given a semblance of lawfulness. This has meant, to some considerable extent, that the methods of reform have been adopted prior to or concurrent with the introduction of the reforms themselves. This was necessary to give the reforms the appearance of legality.

### *Reversion to the Past*

The central question is: Where did these methods come from? American reformers have usually claimed that their reforms were new, unique, and innovative, that they were adopted to deal with new and unique conditions. The old, the traditional, the customary, was held to be out of date, no longer appropriate to these modern times. The new reform methods were progressive, as opposed to the outmoded methods to be replaced. There has been much talk of bold, new social planning. Lester Frank Ward and John Dewey wrote confidently about "social invention." The pragmatic approach, according to the lore of the contemporary orthodoxy, is one of continual innovation, testing, and adjustment as to methods.

Such claims are interesting, but the only reality to which they refer is the mythology of reform from which the rhetoric emanates. The methods of the reformers are not new creations; they are usually variations upon methods that have a considerable antiquity. The methods of reform have been obtained by the process of abstraction of older or contemporary methods, the abstraction of them from the context in which they existed, and the application of them to different purposes. Many of them have long histories and have been subjected to a variety of uses. Let us examine some of the sources of reform methods, and in so doing look at some of the methods themselves.

Reform in America, and elsewhere, has proceeded by dealing with the population as if it were divided into classes. To put it another way, reforms have usually been aimed at, or provided for, people in certain groups; and these groups are often thought of as composing classes. For example, it has been common to refer to the business class, the working class,

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the professional class, the white collar class, and so on. In practice, reformers have extended this idea considerably; there are many other classes or sub-classes: farmers, women, the aged, teen-agers, Negroes, minority groups, and veterans. Americans have always spoken of classes; the word was a part of the English language which they inherited. It is a word which had rather precise meaning in the Middle Ages in Europe, and had rather definite descriptive meaning in many European countries down to the twentieth century. It referred to divisions within society which were established at law or were protected by law, to a system in which one was born into a particular class and might be expected to remain in that class for the whole of his life. A class system, in short, is a system in which certain groups are empowered and/or disabled by legal prescription, and the condition has usually been hereditary, though it need not be.

### *Dividing Americans into Classes*

Now, in this sense, America has hardly had classes at all. After the adoption of the Constitution, the only definite class was that made up of Negro slaves. After the abolition of slavery, there were no classes in America, though Negroes suffered some disabilities by law, and women may have, also, in some places. Americans still referred to upper, middle, and lower classes; but these were vague classifications which one might apply according to his predilections. Into the breach came sociologists with their baneful penchant for "thingifying" abstractions. To be more specific, there came Karl Marx and assorted hosts of socialists and reformers. Marx concocted a theory of universal history in terms of class struggle. His idea of class was probably drawn from earlier history, but he applied the abstraction of it to the industrialization going on around him. The bourgeoisie and proletariat were for him classes as rigid as any that had ever existed. This conception, or, rather, misconception, of class was spread by socialists in the latter part of the nineteenth century. Many American intellectuals came to hold this conception also.

According to the rhetoric of reformers, "labor" was sinking into a permanent state of dependence, "farmers" being reduced to the perpetual state of sharecropping, Negroes bound over to a new servility, and small businessmen squeezed out. "Big business" was often the villain of the piece. The point here is that the population was divided into classes. This division provided reformers with

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one of their methods, the method of using government to disable certain "classes" and to empower others. Anyone familiar with the reforms of the last fifty years or so should recognize the method as it has been employed: regulate and control "business," particularly big business, subsidize farmers, and use the power of government to support labor unionization, for example.

### *Government-like Institutions*

Other general methods of reform were abstracted from the system of government in the United States. One of the most prominent of these abstractions is that of the "democratic process," that is, of voting, majority rule, and representation, and its broad application to all sorts of undertakings. For example, the methods drawn from government have been generally applied to union organization and activity. There are votes as to whether the workers in a craft or plant shall be represented by a union, votes on whether to strike, whether to accept the terms of contracts. The decision of the majority is usually binding upon all. Representatives of the workers negotiate with companies; and these, too, are chosen by the vote of the workers. These are clearly methods abstracted from the American governmental framework. This particular method has become a method of reform because the United States government has long since thrown its weight behind these processes, and undertakes to guarantee that they will be faithfully applied. Thus, methods which have an important and legitimate role in government are applied to a supposedly nongovernmental matter.

Federalism, too, has been instrumented to reform purposes. In the American system of government, as conceived, local governments performed most governmental functions, local initiative was essential to political action, and local customs and traditions determined the character of action taken. Some reforms have been undertaken at the local level, but over the years the tendency has been to have them initiated, financed, and administered by the central government. Local governments have been used increasingly as administrative units and as a framework within which to impose and control governmental programs by the central government. An example of this would be the welfare program, that is, the program of old-age assistance, aid to dependent children, and aid to the disabled. Moneys are provided by both the United States government and the state government in-

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volved. The program is administered at the county level; but it is administered according to prescriptions laid down by the central government, in the first place, and, within that, according to state law and procedure. Thus, the county is reduced, in this and many other instances, to an administrative unit. The federal system of government becomes an instrument for reformers by reversing the direction of the flow of authority; it becomes one of the methods for reform.

### *The Perversion of Voluntarism*

Many of the methods of governmental reform have been abstracted from practices, procedures, and services of voluntary organizations. For example, cases of need and hardship were generally looked after and provided for in the nineteenth century by voluntary charitable organizations. In rural areas and small communities, permanent organizations might not exist; each case would be handled by relatives, neighbors, and churches as it arose. But in cities, more nearly permanent charitable organizations were formed and maintained. Many services provided by such organizations were eventually taken over and provided by governments. It would make an interesting and informative study to examine into the question of how many services now provided by governments were originated and initially provided by private industry, individuals, and voluntary groups. My guess is that it would include almost all of them. Many roads and bridges were built and operated by private companies in the United States in the first half of the nineteenth century, though they were often chartered monopolies, in keeping with the mercantile mode of operation. Education was generally provided during the same period by voluntary means. Voluntary associations within professions, such as the legal and medical, have maintained standards and "policed" themselves. Industries had inspectors before government provided them. Insurance was a private function long before government got into the business. There were private savings banks before the United States government set up Postal Savings in 1910. Hospitals were built and maintained by physicians, churches, and voluntary organizations. Volunteer fire departments even preceded city fire departments. Housing for the poor was provided by private enterprise long before "public housing" measures were undertaken. Even the tenement, which is surely the model for government-financed housing in large cities, was ini-

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tially built by private initiative. It was, after all, the apartment house in times when capital, technology, and entrepreneurship had not made the labor of many workers sufficiently remunerative to afford better. The chances are good that "Duncan Hines ate here" before state inspectors did generally, and his is still considered the more important recommendation. In perspective, it looks as if the vaunted "social invention" of reformers has been restricted largely to inventing arguments why government should perform services that were already being performed.

#### *Business-like Bureaucracy*

Not only have many of the services now performed by governments been taken over from the individuals and voluntary groups who originated and maintained them, but administrative organization and procedure was taken over, too. Boards of trustees, boards of directors, boards of deacons, committees, and boards of education – the control bodies of private organizations – often have been perpetuated by governments. When a state takes over a private college, for example, it usually continues the same mode of administrative control, having a president or chancellor and whatever its board of control happens to be called. It will, of course, be brought under the sway of the government, in one way or another. The various "authorities" by which governments engage in business activities, as, for example, the Tennessee Valley Authority, will have some figure as head who will likely be called chairman, patterned after the chairman of the board of directors of a private corporation, and a board or commission which itself appears to have been abstracted from corporation organization.

Some methods of doing things have had a long and checkered career. Take, for example, the recording of births, marriages, and deaths. A few hundred years ago such records were kept by churches. In nineteenth century America, following the change in the political position of churches, many families kept such records in the family Bible. Counties took over the function, and began to require that reports be made to them of these affairs, authorizations be got from them in some cases, and certificates began to be issued commonly. The Federal census, authorized as a population count for the purposes of apportionment of electors and representative among the states, began to collect and contain more and more information about the citizenry. Now, the information which governments collect through these and

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other devices is being made into an instrument for the advancement of reform by way of governmental planning based upon the projection of figures drawn from the information.

### *Feudal Practices Revived*

A goodly number of the methods of reform are adapted from other eras. An example of this is the use of the power of eminent domain to acquire property for reform uses. The power of eminent domain is the power to take private property for public use by government. Such a power was assumed to be appropriate to government at the time of the adoption of state constitutions and the United States Constitution, for provision was made for its exercise. The theoretical justification then was that it derived from the sovereignty of a government. The idea of sovereignty was carefully formulated in the sixteenth century, was drawn from the powers of the monarch, and served to buttress the thrust of kings to absolute power in the seventeenth and eighteenth centuries. But the powers of the monarch over the land of the realm go back to the Middle Ages and the feudal system, when the patents or rights to land belonged to and stemmed from the king. It is somewhat a matter of choice as to whether one traces the power of eminent domain to feudalism or to divine right monarchy. The use of the term "eminent domain" appears to be peculiarly American, but the power is not. For most of American history, the power was used only to a limited degree, and some limitations upon it were embedded in constitutions. However, in recent years it has tended to be used as an open sesame for governmental appropriation of land for reform purposes. This is particularly glaring in the case of urban renewal projects, but its use is not restricted to this arena.

Other practices can be traced back to the Middle Ages, at least. The "just price" is a Medieval conception and practice which has been used in price controls. Maximum wages were set by the English government as early as the fourteenth century, in connection with the Black Death. The setting aside of lands as forests and parks has its model in the Medieval "commons" and the king's forests.

### *Mercantilism Returns*

The most fecund historical source for commercial regulation and control is mercantilism, which reached its earlier apogee in the seventeenth and eighteenth centuries. The protective tariff was the classic mercantile device for regulating and inhibiting trade

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among the peoples of various nations. Monarchs also issued patents and charters which gave to individuals and companies monopolies of trade. Regulations upon the export of precious metals were adopted. Monarchs inflated the currency, as governments have done from time immemorial, largely by reducing the metal content of coins supposed to have a certain and fixed value. Practices to promote the "economic self-sufficiency" of nations were used within the mercantile framework. Subsidies and bounties were paid for the production and manufacture of certain goods. Sumptuary laws were passed to discourage or prohibit the consumption of certain goods.

Virtually all of these mercantile practices have been revived within the last century. Modern reformers have made some alterations in them, however. They are more apt to set minimum wages than maximum wages. They call their "just price" a "fair price." Mercantilist governments usually subsidized the growing of scarce items, while modern reformers tend to subsidize the production of goods in surplus. However, the recently authorized reduction of the silver content in American coins differs not at all from the ancient practice.

Other reform methods have been borrowed from the Europe of more recent times. Many American intellectuals have been, of course, enamored of things European. For some of them, it has been enough recommendation of a practice to declare only that it is what is done in Europe. If European countries have government-financed radio and television stations, it is taken to be a proper way to do things. If European countries subsidize the arts and maintain theaters and concert halls, it is presumed to be an enlightened undertaking. Be that as it may, reformers have learned some of their methods from the Europeans. England undertook to impose an income tax in the first half of the nineteenth century. Imperial Germany set up welfare programs in the latter part of the nineteenth century, and England got into the welfare business just before World War I. Reforms attempted in England are quite often copied by American reformers, without making royalty payments either.

### *War a Prolific Incubator of Reform Methods*

But perhaps the most prolific womb of methods has been war; it has been a veritable incubator of reform methods. Reformers have long been fascinated by the "accomplishments" of a country

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at war. They have noted the full employment, the rise in wages, the immense production, the rise in farm prices, and, altogether, the aura of prosperity. There are those who suppose that war does indeed bring prosperity. A considerable myth was propagated by Charles A. Beard and others that the great industrial surge in the latter part of the nineteenth century was a product to a large extent of the Civil War. No one has ever explained how the great waste and destruction of war could produce prosperity, or why construction is the product of destruction. Such history is on a par with a history that would claim that because roosters crow before the sun comes up that their crowing causes the sun to rise. Still, these myths have attracted a large following. Reformers have abstracted methods used in wartime from their context and applied them in peacetime. One history, in dealing with the origins of the New Deal, contains these remarks: "The power which the federal government could exert over the economy had been amply demonstrated by the War Industries Board and other wartime agencies in 1917 and 1918. Roosevelt and a number of his advisors, including George N. Peek, Hugh Johnson, and Bernard Baruch, seem to have been greatly influenced by their experiences in economic planning during World War 1."[1]

### *Wartime Inflation*

This does not begin, however, to tell the impact of war upon reform. Perhaps the most momentous abstraction from war has been the inflationary device. Now inflation – that is, the increase of of the amount of currency in circulation – has not been restricted to war. But in the United States the government inflated most extensively during wars until well into the twentieth century, if not to the present. This has been true because those in power have not seen fit – have not thought it politic – to finance the wars by the ordinary route of taxation. They have, instead, employed surreptitious tax measures such as inflation. The first time that this measure attracted the attention of reformers to any extent was after the Civil War. The government had issued a large number of greenbacks during the war. It later began to retire them from circulation, which was a responsible fiscal undertaking. Nonetheless, it drew the fire of reformers. A political party called the Greenback party was even organized.

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[1] Gilbert C. Fite and Jim E. Reese, *An Economic History of the United States* (Boston: Houghton Mifflin, 1959), p. 590.

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This particular movement died out but not the desire to inflate. The silverite movement of the latter part of the century was an extension of the inflation movement. During World War I the government had a much more potent mechanism for inflation – the Federal Reserve Banks. The extensive use of this system to facilitate government financing during World War I was continued afterward, and this system became an important auxiliary of the Treasury and for manipulating the currency supply.

### *Large-Scale Government Planning*

During World War I, the first concerted attempt in American history was made to co-ordinate, regulate, and direct the economy by the government to a definite end. Economic planning was carried out on a large scale. The War Industries Board, under the guidance of Bernard Baruch, was eventually given powers to establish priorities for all types of materials for war use, and to convert old facilities for manufacturing from their former use and to cause new facilities to be brought into being. Baruch had a life-and-death power over manufacturing and could, through the threat of the denial of materials, bring a business into line. An Advisory Food Committee, with Herbert Hoover as Food Commissioner, was set up. It was soon given great powers over certain kinds of agricultural activities. Food processors had to be licensed by the government. The act granting these powers prohibited the use of foodstuffs for making alcoholic beverages; thus began the "great experiment" in national prohibition. The price of wheat was set by the government, and a corporation was set up to achieve this end. A War Trade Board was authorized and given power to regulate exports and imports. An Emergency Fleet Corporation was organized with power to buy, lease, build, and operate ships. The model for this was the private corporation, but the government was going into business. The first government dam on the Tennessee River was built during and after World War I. A War Labor Board was set up to mediate labor disputes, the first time the government became officially involved in these matters. The government could manipulate wages by the wages it paid in government-owned war plants. "Wilson used this power to make an informal but firm bargain with labor. He undertook to establish the principle of union recognition in government plants and to secure wage increases as rapidly as prices rose. In return, he extracted a no-strike pledge from organized la-

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bor in basic industry for the duration of the war."[2]

This experience was abstracted and much of it applied to reformist ends. The crisis motif has been taken from its war context and applied to depression conditions, for instance. Reformers have come to talk about *wars* on poverty, on death, and so forth. But the methods used during World War I have been specifically applied to peacetime uses also. The concentration of powers in the hands of the President, done during war, has now become a common mode of operation by government. The creation of all sorts of boards and commissions has become standard operating procedure. The War Industries Board served as a model, of sorts, for the National Recovery Administration. The costs of the agricultural programs in the early New Deal were to be paid by a tax on food processers, a tactic obviously drawn from the method of control during World War I. The National Labor Relations Board was modeled after the War Labor Board. A dam built because of the exigencies of war became the first of a large number to be built upon the Tennessee River by the government. The list is not complete, but it should be suggestive.

### *Means and Ends*

On the face of it, all of this may not appear to matter much. After all, does it make any difference whether reformers are original, in some kind of "creative" sense, or not? Is it not appropriate to use the methods with which one is familiar, or which may be learned from history, for the accomplishment of new ends? Is this not how everyone operates, more or less? Perhaps so, but it must be kept in mind that it is the reformers who have insisted upon the uniqueness of the times and upon the new and experimental character of what they were doing. If it were not new and different, it would not be "progressive." Moreover, if the methods had been tried before, there would be historical evidence as to their efficacy.

As to the validity of the process of abstraction employed in this way, it should be kept in mind that this depends upon the identity of the nature of the things to be dealt with. It may be appropriate to adapt a method used in one undertaking to use in another, if the undertakings are similar in kind. For example, if a corporation is an effective business organization for manufacturing bolts, it is reasonable to suppose

[2] George H. Mayer and Walter O. Forster, *The United States and the Twentieth Century* (Boston: Houghton Mifflin, 1958), p. 244.

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that it will be equally efficient in organizing for the manufacture of nuts. The assembly line method for manufacturing buggies may be abstracted from this undertaking and applied to the manufacture of automobiles. But the assembly line cannot be utilized to produce custom-made automobiles. They may be called custom-made, but they will be uniform because products of an assembly line must be, or, rather, they must be if the method is to be effectively used.

### *The Method Affects the Result*

We are back now to the original point of departure in this article. The methods employed determine the results produced. Aim and purpose have bearing upon the matter only if they have determined the methods to be used. To be more specific, feudal methods produce neo-feudalism when they are applied. Mercantile methods produce mercantilism. The reason for this can be readily understood. When government deals with groups within a population as if they were a class, it creates a new class system. In short, if it grants privileges or immunities to some element of the population, empowers or disables it, it has brought into being a class. When wartime measures are applied to civil purposes, the measures retain their warlike character. War mobilization methods are suited, if to anything, to the augmentation of governmental power for the destruction of an enemy. When these methods are used for civil purposes, if they could be, their character is unaltered. Their use still results in the augmentation of governmental power, and such power remains, in the main, destructive. There is no real enemy – of flesh and blood, with weapons and war plans – that can be designated by the name, "poverty," against which to use this power. There are only people and goods, and such power as is exercised will be exercised against these, not against some abstraction. This should have been clear when the New Deal's war on poverty was conducted; it was conducted initially by plowing up crops and shooting animals. But, then, war is war, and its methods are the methods of destruction. However subtly methods abstracted from war may be applied to the domestic situation, they continue to be wars on person and property: whether they be wars on savings by inflation, wars upon possessions by taxation and confiscation, wars upon human relationships by the prescription of behavior, or wars upon production by way of crop limitations.

Methods abstracted from other kinds of activities are equally inappropriate to reform by the use of

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governmental power, though they may not always be so devastating in their consequences when applied. The use of force or the threat of force by labor unions is nonetheless a use of compulsion – an assumption of pseudo-governmental powers – regardless of whether the principle of majority rule has been applied or not. When governments provide welfare for the needy, it ceases to be charity, even though the same organization for the provision of the service be adapted from private and charitable societies. The adoption of the forms of business organization by governmental bodies does not result in maintaining responsibility along the lines that it was established in private companies. A government board is just not responsible for what it does in the way that the board of directors of a private corporation is. When the power of eminent domain is joined to presidential power, or to that of somebody under the President, it takes on its old character of absolutism, embedded in the method all along.

We are not to suppose that reformers are aware of the grotesque incongruities that exist between their professed aims and the methods they use. It is unlikely that many of them are aware of the origins of the methods they employ. They have a rhetoric which hides them from such recognition. They talk in terms of bold, new experiments, of breakthroughs and innovation, of pragmatic testing; but theirs are the age-old methods of feudalism, of absolutism, of mercantilism, of war, and of voluntary methods joined to political power. The flight from reality is in the mind; in the real world the results of actions follow from the methods used. ◈

*The next article in this series will concern "The Flight from Economics."*

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# THE MORAL FOUNDATION OF FREEDOM

RALPH W. HUSTED

MY JOB occasionally takes me to Philadelphia. I never miss an opportunity, when I am there, to look at that small room where the architects of this nation in a relatively short time drafted, debated, and finally adopted the Constitution; where the vision of a great republic was given to a handful of men who, when opportunity came, were prepared by education, courage, and faith to discharge one of the greatest responsibilities ever undertaken by men.

I do not believe it was an accident that those men were brought together at the same time and at the same place in history. I think it was no accident that among that small group were some of the greatest thinkers of their day, either in Europe or in America.

To one who sees about him a world of infinite plan and design, things do not just happen. There were times, we are told, when the Constitutional Convention approached disruption. I believe the fact that it was finally successful was not an accident. I believe the courage and wisdom demonstrated on that occasion were not accidental. And I believe it was no accident that Madison was able to draft in a short time a document containing the wisdom of ages, and at which men have marveled ever since. The man who sees history as a great laboratory in which it has been proved time and again that cause has its inevitable effect, according to the design of a power greater than any of us can envision, cannot believe that the birth, educa-

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Mr. Husted is Vice-President and Secretary of the Indianapolis Power & Light Company. This article is from his 1965 Veterans Day address before the IPALCO Young Men's Forum.

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tion, and experience of Washington, Adams, Hamilton, Jefferson, and Madison were mere accidents of history and that the founding of America was merely a fortunate coincidence of men and circumstances.

Our Founding Fathers believed that we live in an ordered universe. They believed themselves to be a part of the universal order of things. Stated another way – they believed in God. They believed that every man must find his own place in a world where a place has been made for him. They sought independence for their nation but, more importantly, they sought freedom for individuals; freedom for men as individuals to think and act for themselves. They established a republic dedicated to one purpose above all others – the preservation of individual liberty, the protection of a society where men would be free to pursue their purposes in life as they see them. They did not think man's purpose in life is to be determined by government or that government has any business deciding what purposes our society shall serve.

### *Spiritual, Economic, Political*

When we speak of individual liberty, just what do we mean? In final analysis, I think it has three essential elements—namely: freedom of worship, economic freedom, and political freedom. I will not say much about religious freedom except to make a point which is very significant, especially in the light of the recent school prayer cases. Freedom of worship meant to our forefathers exactly what the words imply, i.e., freedom to worship as one pleases. But remember, it also meant to them the right not to worship at all. We know, of course, that very few of them were disposed to make that choice. For most of them, worshiping God was an essential part of their lives. It is true that they believed in and advocated the separation of church and state, but they certainly did not believe in separation of the people from God.

In 1835 the French lawyer, Alexis de Tocqueville, wrote about what he had seen in America:

> . . . in America religion is the road to knowledge, and the observance of the divine laws leads man to civil freedom. . . .
>
> I have said enough to put the character of Anglo-American civilization in its true light. It is the result (and this should be constantly kept in mind) of two distinct elements, which in other places have been in frequent disagreement, but which the Americans have succeeded in incorporating to some extent one with the other and combining admirably. I allude to the spirit of religion and the spirit of liberty.

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There is one more point I want to make in connection with religious freedom, and it leads to the central idea of what I have to say here this evening. Religious freedom means nothing without economic and political freedom. Life is not divided into neat little compartments one of which can be considered without regard to all others. Life can't be divided, nor can freedom. It is impossible to have religious freedom without political and economic freedom. It is equally impossible to have economic or political freedom without religious freedom. Now let us consider economic freedom in that light.

### *Importance of Economic Freedom*

Economic freedom means, literally, freedom to seek the means of satisfying one's material needs; but I doubt that any man ever considered his own well-being in terms of material needs alone. Consideration of man's material needs necessarily involves thinking at the same time about his spiritual needs, because his well-being depends upon satisfaction of both, and both consciously or unconsciously influence his efforts to satisfy his wants. Hence the interdependence of economic and religious freedom.

The significance of economic freedom lies in the very nature of creation. We are made one at a time, and no two of us alike. The differences between us are great, and by far the greatest differences are spiritual. The bare necessities of life are few but the number of material things necessary to give expression to the spirit of mankind is endless. The millions of forms in which property is molded by the hand of man and the millions of uses to which it is put are but extensions of the millions of human personalities who gather property and adapt it to their needs. Whether it be a pencil or a steel mill, property is but a reflection of the infinite spirit of man. It reflects the desire of the human spirit for self-expression.

If you agree with this, I think you will also agree that property, to serve its purpose best, must be private property. By the very nature of creation, no two of us can have the same desires, the same skills, or the same mental endowments. No two of us can express ourselves in the same way. Property cannot possibly serve the same purpose for one owner as it serves for others. What we call ownership is the right to the use, possession, control, and disposition of property; and it is these incidents of ownership which make property useful in satisfying the needs of individuals.

Clearly, therefore, ownership must be private if a particular item

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of property is to satisfy the needs of a particular man as he and no one else sees them. If you still have doubt as to the necessity for private ownership of property, consider for a moment that all of us are property owners; a man's labor is his property, and unless he is free to control and dispose of his labor as he wishes, he is a slave.

Men have co-ordinated their efforts in countless ways to satisfy their material wants, but always, and regardless of how interdependent their lives may become, their efforts are directed to satisfaction of the wants of individuals. Men have created business organizations both large and small, both simple and complex, but such organizations have no life, no philosophy, and no ability to create or produce separate and apart from the individuals comprising them. An organization or corporation may become so large that a person begins to feel that his individuality has become completely swallowed up in it, but the fact remains that he is the one endowed with life and not the organization. Only individuals can grow and progress, and only individuals can generate economic progress. Only an individual can want. Only an individual can know what he wants; and unless he is free to make the choices that will satisfy his wants, he is not really free.

It is inconceivable that in a society where choices are made for us by government we could ever enjoy complete satisfaction of our material and spiritual needs. It is equally inconceivable that any group of economic or social planners could make choices for us in a way that would satisfy us, because one man can never understand another well enough to do so.

The division of labor in a free society is a vast voluntary cooperative system. In America it has enabled men to enjoy a standard of living that taxes the imagination of people living in other parts of the world where such freedom is denied them. Complex as our system may be, it is, nevertheless, built upon something that all of us understand – the promise of one man to another. It is built on the right to contract, to contract freely without the intervention of government. It is built on freedom of individual choice. A planned society may enforce specialization of work, but compulsion has never performed the miracles of production that have become commonplace among men who are able to contract as they wish.

### *Meaning of Political Freedom*

So much for economic freedom. What about political freedom? Political freedom in the minds of

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many people is something which they define vaguely by the word "democracy," and which they associate with freedom of speech and the right to vote.To think of political freedom only as democracy is dangerous indeed because a democracy can become a tyrannical mob. To think of political freedom only as freedom of speech and the right to vote is to fall into a socialist trap, because even the socialists profess to believe in both. The right to vote may be essential to freedom, but we should remember that time and again people have given away their freedom by majority vote.

Then what do we mean by political freedom? I think it is this. Every right which we insist upon as free men carries with it the duty not to interfere forcibly with the enjoyment of the same right by others. Man's desire for self-expression is natural and good and the right to self-expression is essential, but unless it is accompanied with a proper sense of responsibility it may manifest itself in the use of force. We are responsible beings but we all know that in the present state of civilization, and as it probably will be for ages to come, no one is or will be perfect. No one has or will have a perfect sense of right and wrong. We must, therefore, have law to restrain the use of force.

But let us also keep this in mind. The law is not self-executing. The law itself must employ force or the threat of force to restrain those who would act irresponsibly. It may seem trite to repeat here that that government governs best which governs least, but it needs to be said now as much as when first spoken. Political freedom means freedom from government restraint or compulsion beyond what is needed to curb irresponsible men. When government goes further than that, it becomes the oppressor of freedom. When we turn over to government the job of planning, managing, or controlling any undertaking, regardless of how humanitarian it may appear to be, we must weigh the cost in loss of freedom because loss of freedom inevitably accompanies the delegation of such power.

### *The Role of Government*

Now, some of you may ask, "What about the many services which the government renders for the people? Does not the government do for us many things which we could not do for ourselves?" Does it? Perhaps we have been deluding ourselves. Dr. F. A. Harper has said,

> The government could do for us what we cannot do for ourselves only if it sits on the right hand of Crea-

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tion itself. Otherwise, unless it be possessed of the powers of God, it cannot possibly do anything that people can't do for themselves, for the simple reason that people comprise all that is government. Government is manned by the very same persons whose deficiencies are presumed to disappear when combined into a legal structure with bureaucratic, political trappings – a process which makes an ordinary person, if anything, less able than before to accomplish things. The bureaucratic whole is, for this reason, really less than the sum of its freely cooperating individual parts.

Edmund Burke once said,

> To make a government requires no great prudence. Settle the seat of power; teach obedience; and the work is done. To give freedom is still more easy. It is not necessary to guide; it only requires to let go the rein. But to form a free government, that is, to temper together these opposite elements of liberty and restraint in one consistent work, requires much thought, deep reflection, a sagacious, powerful, and combining mind.

It was no accident that Washington and his contemporaries established something the world had never before seen, a nation dedicated to freedom of the individual. Theirs were the minds which understood that the only real liberty is individual liberty. Theirs were the powerful and combining minds which understood the moral foundation of freedom – man's personal relationship with his Creator – and they made that the foundation for the greatest nation on earth.

### *The Danger We Face*

Today we are faced with the most serious attack on our freedom which has ever confronted us. I say the most serious because it is an attack on the very moral foundation which I have just described. It is little comfort to know that the attack may have been inspired initially by people beyond our borders. The disturbing fact is that the burden of the attack is now being carried by persons in all walks of life who profess to be and think they are good Americans. I think it has not been a case of knowingly abandoning our faith, but rather we have been led without thinking to accept many beliefs which in fact deny that men have a personal relationship with God. Individual liberty has been sacrificed and government has come to be looked upon, primarily, as an instrument for social and economic planning.

We have allowed to infect our political philosophy the belief that men are no longer able to take care of themselves. We have established an enormous bureaucracy to plan for them. We still

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profess the need for religious freedom, but we have repudiated the conviction of our forefathers—that unless we also have economic and political freedom, religious freedom is meaningless.

We have, for example, adopted a graduated income tax for the avowed purpose of supporting essential government functions, but we have changed our concept of what is essential and we are now using the tax in shocking measure for the redistribution of wealth and as a means of controlling the lives of people. We have subsidies for housing, subsidies for farmers, subsidies for power, subsidies for shipping, and subsidies for the aged. We take one man's property to give to another and think it is right simply because it is accomplished by majority vote. We have adopted the Marxist principle of "from each according to ability, to each according to need."

We have outright government ownership of hundreds of enterprises. We have government interference with the right to contract in practically every area of economic activity. In many areas such interference is so great that the free market, freedom of economic choice, is gone. We have allowed ourselves to think that a little socialism will not hurt us, but the acorn has now grown into a giant of the forest.

### *The Mixed-Up Economy*

Many of our politicians, political scientists, economists, school textbook writers, and even some of our financial and industrial leaders see great hope for the future in what they call a mixed system of private enterprise and public enterprise. They speak of the "public sector" of our economy as contrasted with the "private sector" and of the necessity for a partnership between the two. They praise what is now fashionably called the partnership of government and business. They speak of the marvelous adaptability of our system of free enterprise because, as they say, it has been able to join hands with government to meet what government planners consider the needs of society. What kind of partnership is it where one partner is supported entirely by the other? What kind of partnership is it where one has become such a burden to the other that there is evidence today of the load becoming too great? How long can it last?

We have accepted fiscal immorality as a national policy. This is not something that has been forced upon us. The fact is that we insist upon it. Every downturn in business is the occasion for further demands that the government increase spending, even deficit spending; that the Federal Re-

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serve System reduce interest rates and buy government bonds so as to increase the supply of bank credit; all of which, of course, results in an increase in the supply of spendable dollars but contributes nothing to the real wealth of the people. People are really not better off, because dollars are not wealth, nor are dollars a true measure of wealth when they are subject to arbitrary devaluation by arbitrarily increasing the supply of them.

If one concedes that private property is indispensable to the achievement of man's happiness, then it must also be conceded that any artificial manipulation of the medium of exchange by which the value of property is measured is morally wrong, and that is exactly what our Federal government does when it tinkers with interest rates to expand or restrict credit, or reduces gold reserve requirements, or puts pressure on the Federal Reserve System to buy or sell government bonds to increase or decrease bank credit, or engages in deficit spending.

What is immoral about these practices? Let me mention only one thing that is obvious to all of you. It is simply the fact that everyone holding or depending directly or indirectly on fixed income obligations and contracts is deprived of a part of his property without receiving anything in exchange for it. Money that is subject to tinkering by government becomes the instrument by which people are robbed of their property.

### *By Majority Vote in the Name of Democracy*

We have done it all by majority vote and in the name of democracy. Now I do not want to be misunderstood. The word democracy still has meaning to me and I believe in it, but I would ask you to remember always that democracy is not an end in itself. Despite the preaching of our present-day textbook writers and government social planners, democracy is not the goal of America. Democracy can be and has been many times an instrument for the abuse of individuals. Our goal is, and must continue to be, individual freedom.

Of course we believe that everyone should have a decent house, that a farmer should enjoy a high standard of living, and that the aged should not want, but how are these things to be accomplished — by resorting to more economic and social planning by government and to a program of massive government spending? Shall we ignore the fact that when we speak of government planning we presuppose the existence in gov-

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ernment of someone with superhuman wisdom to do the planning? Shall we ignore the fact that when government does the planning, the coercive powers of government will be used to carry the plans into effect at an enormous sacrifice of individual freedom? Apparently some of our present-day leaders, both in government and out, believe we should. Shall we accept the notion that merely because government planning for the people is done under the label of democracy, and is claimed to represent the interests of a majority of the people, it is right?

Today many of our people, both in government and out, believe the "welfare of the majority" is the criterion by which we should measure the extent of government interference in and control of economic affairs. We find people, both in government and out, urging an expanded program of government planning and spending in order, as they say, to improve society and strengthen freedom. How can the strengthening of centralized government dedicated to a program of social and economic planning assure individual liberty to anyone? The free man is the man who can make choices for himself and not have them made by government.

We find today, among people ranging from textbook writers to respected businessmen, wholehearted endorsement of the Universal Declaration of Human Rights, drafted by the U. N. Commission on Human Rights, which declares that men are entitled, as a matter of right, to favorable working conditions, just pay, social security, adequate housing, and an adequate standard of living.

Of course, these things are desirable, but let me remind you that in the America conceived by our Founding Fathers, man's inalienable rights – life, liberty, and the right to own property – are not granted by the state. They are God-given. A decent house, adequate pay, and social security are not God-given. God gives men the capacity to acquire these things for themselves, but no more. God gives men the capacity and freedom to work and create. He gives them nothing they can create for themselves. We renounce the great religious heritage handed down to us by our Founding Fathers when we speak of the material things which men are intended to work for as though they too are something we have a God-given right to demand.

### *Christian Responsibility*

We are a nation with Christian traditions, and I know some of you are saying, "What about our re-

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sponsibility as Christians to our fellow men?" Well, let me discuss that for a moment. I suspect that what really prompts us to think only the government can handle some of our present-day problems is that we do not really trust the sense of responsibility of our fellow citizens. We are afraid that if care of those in need were left to the people to handle voluntarily, they would let the job go undone. Perhaps they would in some cases. Some people might suffer if their welfare were dependent solely on the charity of their fellow men. But is the welfare state the answer?

Now some of you will say that care of those in need is a much bigger problem than it used to be. "We are living in a different age," you say, "and care of the needy is so big now that only the government can handle it." That is a myth. I lived through the depression of the 1930's. I saw people go hungry and without enough clothing. But I never saw or read of anyone starving or freezing to death. On the contrary, in the early days of the depression, I saw the greatest voluntary response of people to the needs of their fellow men that this nation had ever seen. Without being asked by anyone, people who had less than enough to satisfy their own needs shared what little they had with those who were in worse condition.

And then something happened. Someone decided that the government could do a better job of feeding and caring for the unemployed, and a vast government handout program was launched. What happened? The spirit of charity that brought people to the aid of their fellow men was destroyed. The government tried to assume the mantle of Christian charity, the noblest characteristic of mankind, and the people themselves thought it would work; but it didn't. Oh yes, the poor were fed. The unemployed were given work of sorts; but the people of this country were changed. They had lost something. They had surrendered to government their moral responsibility – the thing that made them men and women – and from that we have not recovered to this day.

If we believe as our Founding Fathers did, then we must let man be free to develop his sense of responsibility in his own way, and we must have faith that he will. Christian charity is an individual act. It cannot be anything else. It springs from within men. It can't possibly be imposed on men by law; and how utterly ridiculous it is of us to think that it could be! Christian charity can't be expressed by any two people in the same way,

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because no two of us think and feel alike; and it is exactly for that reason that our responsibility as Christians can't be delegated. Christian charity is not a responsibility which we can delegate to government; and when we attempt to do so, we only weaken ourselves and rob our society of the spiritual vigor which advances civilization. Christian charity springs from respect of one individual for the dignity of another, from recognition by one of the divine spirit in another. When we come to understand that all men are endowed with the divine spirit, I think then, and only then, will we understand why men were meant to be free. ◈

# TO THE GALLOWS

VERMONT ROYSTER

NEXT ITEM on the agenda: Price controls.

You don't have to have an inside pipeline to White House secrets or Jeanne Dixon's mystic gift of precognition to be tempted to that prophecy. All you need is a bit of perception and a good memory.

As a matter of fact, being privy to Administration councils might be a hindrance to foresight. Quite possibly the phrase has never been mentioned, and almost surely, if it has, the idea of resorting to the paraphernalia of coercive economic controls has been rejected as politically undesirable and economically unnecessary.

President Johnson, having lived through two periods when the government tried to decide the wages of every plumber and the price of every handkerchief, is hardly eager to rush back into that maelstrom. His economic advisers, whatever else they may be lacking, are full of confidence in their ability to manage the economy with such a deft touch that inflation can be kept upon a perfect and joyous balance.

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So an inquiry as to intent would bring a sincere denial of plans for government fiats to fix prices, wages, interest rates, import quotas, foreign exchange rules, tourist allowances, or any other part of the panoply of economic controls.

All the same, mark it down. Barring the unlikely event of a complete reversal in the Administration's economic policy, we shall likely soon see one or more of these put forward. And before we're through, we may see them all.

The portents aren't obscure. For years now, under several Administrations, the Government has been steadily counterfeiting money. In effect — although modern techniques are much more sophisticated — it has been simply running the printing presses to "create" dollars out of pieces of paper. The process is in no wise different from the ancient one of alloying talents or clipping coins.

There is nothing obscure, either, about the historic results of that counterfeiting. Examples abound from the distant days of Diocletian to the modern times of Brazil.

With each depreciation of the currency, the prices of goods and labor rise; that is, the sovereign's solemnly issued money is worth less today than it was yesterday. At first the change is slow and to the apparent prosperity of all. Then it proceeds more rapidly as the authorities find they must print more money to redress the imbalance from the higher prices caused by the earlier inflation.

Finally, there is so much disturbance that these same authorities feel they must try to quash the consequences of what they have done. In Diocletian's day they cut off the hands of "profiteers" who asked a dozen denarii for a loaf of bread. In eighteenth century France they hung the butcher.

But of course all this happened in ancient times or in distant climes. Things are different now, we are assured.

No one denies that we are enjoying the first stage of the traditional inflationary process. On the contrary, everyone in authority boasts of it. To inflation, and to their perspicacity in managing it, they attribute all our prosperity.

Their perspicacity was also to keep it in hand so that we would not have to pay any of the historic penalties for our happy revels. For a time they could point with pride, and quite accurately, that 10 years or so of inflation had brought only imperceptible increases in the cost-of-living index.

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Some prices, in fact, declined. Even now such things as household appliances and many food items cost less than a year ago.

However, not everything has been coming up roses. In the past five years that "slow" increase in the cost of living has raised the index from 103.3 to 110.4, a total rise that's quite perceptible. In the last year alone there have been some spectacular increases in many areas, notably in clothes, meat, education, and medical care.

And in key areas elsewhere the pressures are mounting, the most publicized being steel, aluminum, and interest rates. The last item, incidentally, is especially significant because it is the price of borrowing today's dollars to be paid back with tomorrow's dollars and so closely reflects the effects of currency depreciation.

So now what are we told? Why, the whole trouble is caused by those wicked steel makers, aluminum makers, and bankers. All that's necessary to put everything right as rain is for them to voluntarily agree to restrain themselves. If they won't, by Lyndon, they'll just get bashed over the head.

We have already, then, the first efforts at price control. The fact that it is selective, and doesn't yet touch the butcher and candlestick maker, or that the coercion is not by fiat but by threat, doesn't alter the fact that the government is undertaking to control prices. The government is also, by the same device, trying to control other economic activity, such as decisions on foreign investment.

In short, we are right on schedule. The country has passed through the primary stage of inflation, in which the cheapening of the money has only happy effects, and into the second stage where those effects appear less happy and even begin to threaten other economic desires and objectives. The response of the authorities is also right out of the book.

It's true enough that the process could stop at this point. All the government needs to do is stop clipping the coins. But quite apart from the normal difficulties of kicking the habit, we have now an added factor. The peril of imprudent men is always the unexpected, and in this case it's a war — a long and costly war. This year's deficit will be billions bigger than anticipated, and after that in unknown figures.

How long it will take to reach the tertiary stage is anybody's guess. But don't be surprised when the agenda includes a debate on hanging the butcher. ◈

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# Lord Gifford's Legacy

EDMUND A. OPITZ

THE MOST DISTINGUISHED lectureship in the English-speaking world is sponsored in turn by the four Scottish universities – Edinburgh, Glasgow, Aberdeen, and St. Andrews – according to the terms laid down in the will of Adam Gifford. Lord Gifford drew up his will in 1885, died in 1887 at the age of 67, and the first series of Gifford Lectures was delivered in 1888. At regular intervals ever since a fat and solid volume has dropped from the presses. Taken together, this more-than-five-foot shelf of books – still growing – represents a monumental achievement of the mind in our time.

By splitting his endowment four ways, Lord Gifford introduced an element of competition into the intellectual scene. Four separate committees, each having access to the finest scientific and philosophical brains in the world, vie with each other to bring the most prestigious lecturer to the local campus. And the scholar nominated for this post is put on his mettle. The appointment itself is a high tribute to his attainments, far outranking any honorary degree, and the realization that he is to address an audience loaded with distinguished scholars is just the stimulus needed to bring out a man's best efforts. William James never wrote anything more fascinating than *The Varieties of Religious Experience*, The Gifford Lectures for 1901-1902. Arthur Stanley Eddington, astronomer at the University of Cambridge, has made some lasting contributions to certain abstruse questions in astronomy and

The Reverend Mr. Opitz of the Foundation staff is active as a lecturer and seminar leader.



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physics, but his reputation in the world of literate men endures with *The Nature of the Physical World,* The Gifford Lectures for 1927. Philosophers, scientists, theologians, and men of letters have trekked to Scotland for the past three-quarters of a century, and our intellectual heritage is vastly enriched as a consequence.

Adam Gifford was a jurist and judge. He was born in 1820, son of a man who had risen from humble beginnings to become treasurer and master of The Merchant Company. His mother was an independent thinker who instructed her children at home until they were sent off to learn Latin and Greek – at the age of eight! Adam later attended Edinburgh Institute and in 1849 was called to the bar. Seventeen years later he was Sheriff of Orkney and Zetland, and in 1870 was made a judge. He took his seat in the Court of Sessions, the supreme civil tribunal, as Lord Gifford.

The Giffords were a pious family. Adam's father was an elder in the United Secession Church and a zealous Sunday school teacher. This oddly named denomination had been formed the year of Adam's birth by the fusion of two dissident bodies which had seceded from the established church in the eighteenth century. It was based on the principle of voluntary association, and it bred men given to independent thought and action, unwilling to take things for granted; men like Lord Gifford.

### *The Gifford Lectures*

The private life of Lord Gifford is no concern of history, but the terms of his will are in the public domain. The Gifford Lectures are in the realm of natural theology, the discipline which seeks to trace the nature, meaning, and direction of the cosmic purpose by pondering the relevant evidence, and by reasoning hard and long. "I wish the lecturers to treat their subject as a strictly natural science, the greatest of all possible sciences, indeed, in one sense, the only science, that of Infinite Being, without reference to or reliance upon any supposed special exceptional or so-called miraculous revelation. . . ." These words have a distinctly old-fashioned ring, for natural theology is out of favor, for the moment, among the popular philosophers and theologians of our day.

Much hinges, of course, on the connotations of the word "natural." Human nature, strictly speaking, is not "natural"; it is a cultivated or learned thing superimposed on a biological substratum. The piety "natural" to Lord Gif-

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ford was that of the Scotch Covenanter strain, not that of some aborigine, and this faith is evident in the opening words of the will: "Having been for many years deeply and firmly convinced that the true knowledge of God . . . . and the felt knowledge of . . . . the relations of man and of the universe to Him. . . is the means of man's highest well-being. . . ." But so confident was Gifford of the ability of the unimpeded human reason to attain vital truths that he laid down no qualifications for the lecturers except unimpeachable competence and integrity:

> The lecturers appointed shall be subjected to no test of any kind, and shall not be required to take any oath, or to emit or subscribe any declaration of belief, or to make any promise of any kind; they may be of any denomination whatever, or of no denomination at all (and many earnest and high-minded men prefer to belong to no ecclesiastical denomination); they may be of any religion or way of thinking, or as is sometimes said, they may be of no religion, or they may be so-called sceptics or agnostics or freethinkers, provided only that the "patrons" will use diligence to secure that they be able reverent men, true thinkers, sincere lovers of and earnest inquirers after truth. . . .

Four of the Gifford Lecturers have been Americans. William James of Harvard University has been mentioned above. His book, he tells us, "would never have been written had I not been honored with an appointment as Gifford Lecturer." The lectures immediately prior to James were delivered by his Harvard colleague, Josiah Royce, resulting in a huge tome entitled *The World and the Individual.* Harvard has not won the nod again, and we note that the recent paperback edition of Royce is introduced by Professor John E. Smith of Yale University!

A quarter of a century was to pass before another American was invited to lecture, and this time it was John Dewey. His ten lectures, half the customary series, resulted in the book, *Quest for Certainty.* I had a semester seminar on this volume, which disqualifies me from commenting impartially! Reinhold Niebuhr lectured at Edinburgh in the spring and fall of the fateful year, 1939. To those of you who know only the Niebuhr who charges wildly about the political arena, and who is forever making dubious pronouncements on economics, be advised that there is another Niebuhr or, more precisely, another and more important facet of the same man. The lectures were published in two volumes as *The Nature and Destiny of Man,* and they are brilliant. They are hard reading, occasionally disputatious, but bracing.

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***Scotland's Contribution***

Scotland has never lacked philosophers. Adam Smith, it will be recalled, taught moral philosophy at the University of Glasgow. His like number at Edinburgh until 1941 was the late A. E. Taylor whose Gifford Lectures published in 1930, *The Faith of a Moralist,* remains my favorite of kind. This nearly 900-page treatise by the great Platonist is a modern philosophical classic, but it has none of the jargon philosophers employ when they talk to each other. Lord Gifford stipulated that "the lectures shall be public and popular. . ." and most of the speakers have tried to comply. But "natural theology," the stipulated subject matter, is intrinsically difficult, and "popular" in this context means only that the writer has taken pains to be lucid; none of these books is easy reading. Taylor, incidentally, is one of the few moralists who is aware that the term "value" in ethics does not have the same connotation as the word "value" in economics. When the economist speaks of "values," he is not referring to moral norms, but to the degree of consumer preference for this item over that which issues in the pricing of economic goods.

W. MacNeile Dixon taught English literature at the University of Glasgow for more than forty years, retiring in 1935. He was called abruptly out of retirement upon the death of philosopher Emile Meyerson, the 1935 choice, and delivered two courses of lectures. *The Human Situation* is a far-ranging and beautifully written book. Most of the other Gifford Lectures are books to wrestle with; this is a book to live with — and live by. It has a poetic quality found only rarely in conjunction with deep thought.

*The Human Situation,* appropriately enough, is bounded on the one side by theology and on the other by physiology. The lecture series immediately prior to Dixon was delivered by the eminent English churchman who later became Archbishop of Canterbury, William Temple. *Nature, Man and God* floored me at first exposure in a seminar course, and I still find it hard going; but it is a great book. Following Dixon came Sir Charles Sherrington, the eminent medical man and physiologist, with *Man on His Nature.* "Individuality would seem to be through complexity an aim of life," says Sherrington, thus continuing a stress which runs like a thread through the Gifford Lectures — an emphasis on the individual person and his latent possibilities.

Sherrington worked after the manner of the historian and especially the scientist, reasoning

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inductively from a body of data. The other approach is deductive reasoning which seeks to draw out the full implications from a seemingly simple axiom or observation. This is the approach of the Cambridge philosopher, W. P. Sorley, who began his series of lectures in 1914; *Moral Values and the Idea of God* is one of the finest examples of sustained logic in the language. Most philosophers, Sorley notes, frame a theory of the cosmos, and then from their metaphysics derive an ethic. But it is a fact that men at every cultural level do make moral decisions and cannot avoid doing so; therefore, any theory of the cosmos which fails to include the fact that men make choices according to their understanding of right and wrong is to this extent based on incomplete data. Sorley starts with the axiom that human experience includes valuations and judgments based on moral factors, and 510 pages later he has extracted all the meat and juice from this idea.

An English churchman, the Bishop of Woolwich, recently made quite a stir on both sides of the Atlantic with a thin thing called *Honest to God*. The old metaphors aren't what they used to be, the Bishop appears to be saying, and never were! It is our bad habit, he points out, to think and speak of God as being "out there." Spatial metaphors are misleading, true, but then the Bishop – influenced by Freud and depth psychology – declares that God is "in here." This appears to continue a spatial metaphor, or at least a directional one. Man is a symbol-using animal, not only in his religion but in his science. A symbol is a thing standing for something else, and if we mistake it for the thing it signifies, the confusion is compounded. The noted Hellenist, Edwyn Bevan, explored these matters with characteristic thoroughness in his Lectures, published as *Symbolism and Belief*. When this book was reprinted in this country in 1957, the event passed unnoticed.

### *"The Honor Is Very Pleasant"*

It would be interesting to go behind the scenes with the Gifford Lectures and watch these men react to their task, but such autobiographical data is not available, except where personal journals and papers have been made public, as in the case of the late Dean Inge. William Ralph Inge was a classical scholar as well as a theologian, and his articles in the weekly press put his name before a wide public. His Gifford Lectures on Plotinus, the great pagan philosopher of the third century of our era, is still the standard work on the man. The offer came

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to Inge on March 13, 1917, and the full journal entry reads, "A letter from Lord Haldane. The University of St. Andrews has decided by a unanimous vote of the Gifford Committee to offer me the Gifford Lectureship. I shall have to break up my book on Plotinus into lectures, but this I can do easily. The honor is very pleasant." The invincible calm of these Englishmen! we say. But go back in the Dean's journal. A 1908 entry reads, "My wish now is to write a modernised defense of Plotinus' philosophy of religion, which I think would make a good book for the Gifford Lectures, if I am ever invited to give them." That hope was nourished for nine years before being consummated.

One would also like to know what goes on at a meeting of the Gifford Committee. Why, for instance, should a lectureship centering on natural theology be offered to a man who denies the very idea of natural theology – even if he is the world's most famous theologian? Karl Barth opened his lectures with these words: "It can only be to the good of 'natural theology' to be able once again to measure itself as the truth – if it is the truth! – by that [Barthianism] from which its point of view is the greatest of errors. Opportunity is to be given to do this here." The wraith of old Gifford must have squirmed at this, trying to learn what natural theology is from a long and involved discussion of what it is not! Why was the unsympathetic Barth given the nod when men of the stature of Henri Bergson, F.C.S. Schiller, Alfred North Whitehead, and C.D. Broad went untapped? Two other names come to mind: Bertrand Russell and Friedrich von Huegel. The former might have been written off as a headline hunter; and as for the latter, well, no Roman Catholic delivered the Gifford Lectures until 1947, when the eminent historian, Christopher Dawson, produced the important work published as *Religion and Culture*. Dawson's second set of lectures appeared as *Religion and the Rise of Western Culture*. The high repute of Dawson's work needs no touching up from me.

### *The Unfinished Task*

Mention of von Huegel raises another question. His major work is a huge two-volume study of *The Mystical Element of Religion*. Mysticism receives more than passing attention at the hands of many of the lecturers, but not one of the series is devoted entirely to this subject, as perhaps the most important facet and feeder of natural theology. Von Huegel would have been up to such a task; likewise Rufus Jones, the Ameri-

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can Quaker; likewise Evelyn Underhill. Mention of this last name reminds us that no woman has yet delivered the Gifford Lectures. Now, philosophy is not woman's forte, but Evelyn Underhill is top rank in her specialty, and women like Susan Stebbing and Dorothy Emmet are sounder than certain popular male philosophers who shall remain nameless.

It would be pleasant to conclude by saying that the things Adam Gifford exemplified in his life and tried to perpetuate in his will—things like personal piety, individual self-reliance and hard work, the validity of reason and the power of philosophy—were stronger now than in 1887. Alas, they are weaker. But they are not lost! The old landmarks are still there for those who would search them out, and old Lord Gifford's legacy is the fountainhead of an enduring series of them. ◈

# Today's Robber Barons

K. FRITZ SCHUMACHER

MODERN robber baron state tax assessors are more ruthlessly predatory than their medieval counterparts who looted commerce on the River Rhine. Ancient commerce was not restricted to one unimproved waterway or primitive overland route. It was free to select the route least subject to depredation by local "tax collectors."

In this respect, modern interstate commerce by railroad is less fortunate. It is chained to its privately owned and improved right-of-way, inhibited by government regulation in all matters, including re-routing. State property tax assessors take advantage of out-of-state owned corporations with no local vote. They assess railroad

Though long retired, Mr. Schumacher continues "workin' on the railroad" through his one-man "Free-Lance Society for Prevention of Cruelty to the Iron Horse."

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property at a higher percentage of market value than similar locally owned property. Thus, they appropriate the inherent economy of railroad transportation for tax purposes. Local taxpayers, so relieved of part of their burden, naturally do not object.

The indulgent North American taxpayer has been thoroughly brainwashed to believe the fable of railroad obsolescence. This fable offers a convenient smokescreen behind which politicians cannibalize railroads for the benefit of subsidized nonrail transport, spawned in political pork barrels. The ability of self-reliant railroads to withstand political abuse is their weakness. They offer no opportunity for waterway-style pork barrel rolling.

Discriminatory taxation levied against railroad property began innocently enough in the early days of the industry. Railroads then had little or no competition and taxes were moderate. A tax on railroad transportation could be evaded only by resort to horse-drawn vehicles. Railroads, then as now, leaned over backward to demonstrate good citizenship in states which, then as now, searched frantically for sources of additional tax revenue.

Many state constitutions specify uniform property tax rates, but do not prohibit nonuniform assessment values. Resourceful assessors take full advantage of this loophole. They assess railroad property at a higher percentage of market value than other comparable commercial property. Every property owner is painfully aware of skyrocketing property taxes due to reckless political spendocracy. Taxes on punitively evaluated railroad property, raised in proportion, have reached ruinously confiscatory levels. Self-preservation dictates firm resistance to further political attempts to kill the goose that lays the golden railroad tax egg.

In 1961 the railroad property overassessment ranged from 1⅓ times that on other private property in Virginia to 6¼ times in Arizona. The table below shows the relative overassessment of railroad property in 24 states, listed in descending order of magnitude, and computed from figures published in *Railway Age* for December 9, 1963. The overtax in dollars appears in the same article. Instances are on record in which railroad property, placed on the market, sold for less than the yearly tax take.

This, according to *Railway Age*, happened in Hudson County, New Jersey: Pennsylvania Railroad unloaded property of assessed value of $621,000 for a selling price of $19,471 and thereby shed a yearly

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## 1961 COMPARABLE PRIVATE COMMERCIAL AND RAILROAD PROPERTY TAX

| *State* | *Commercial* | *Railroad* | *Rail Overtax (Estimated)* |
|---|---|---|---|
| Arizona | $100 | $627 | $6,348,366 |
| Wyoming | 100 | 490 | 2,592,636 |
| Montana | 100 | 473 | 5,764,795 |
| New Mexico | 100 | 446 | 1,787,999 |
| Idaho | 100 | 382 | 3,293,139 |
| New Jersey | 100 | 343 | 11,874,423 |
| Tennessee | 100 | 299 | 4,597,737 |
| Kansas | 100 | 290 | 8,472,279 |
| Oklahoma | 100 | 259 | 3,927,851 |
| California | 100 | 258 | 14,150,498 |
| Mississippi | 100 | 250 | 1,974,756 |
| Iowa | 100 | 245 | 4,464,561 |
| South Dakota | 100 | 236 | 797,271 |
| Illinois[1] | 100 | 217 | 20,725,603 |
| Kentucky[2] | 100 | 217 | 3,127,387 |
| North Dakota | 100 | 210 | 2,884,610 |
| Alabama | 100 | 198 | 1,557,587 |
| Louisiana | 100 | 196 | 2,039,064 |
| Missouri | 100 | 194 | 4,571,649 |
| Utah | 100 | 193 | 1,919,882 |
| North Carolina | 100 | 154 | 791,270 |
| Nevada | 100 | 151 | 808,960 |
| West Virginia | 100 | 148 | 2,487,902 |
| Virginia | 100 | 137 | 2,019,192 |
| | **Total 1961 Railroad Overtax:** | | **$112,979,417** |

[1] In 1963 Illinois enacted a law (SB 946, approved August 26, 1963) requiring assessments of railroads at the same percentage of full value as local property is assessed. However, a number of Illinois lines contested the 1963 assessments, claiming that arbitrarily increased values offset equalization.

[2] In recent years, the State of Kentucky has made a substantial effort to bring railroad property assessments into line with the assessment of local property and hopes to accomplish this objective in 1966.

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tax load of $52,226. Another road sold land assessed at $857,000 with annual taxes of $66,000 for only $40,000. Examples of flagrant overassessment of railroad property, given in *Railway Age,* are not limited to the 24 states tabulated. New York Central's discontinued West Albany car repair shops were sold for $500,000. Assessed value for railroad taxes was $1,500,000. The new owner, not in railroad business, enjoyed a miraculous depreciation to a mere $300,000!

The "Doyle Report" on transportation policy to the United States Senate gives the experience of the Pullman Company at Richmond, California, in 1960. Property, sold by the company and carried on the tax rolls at $342,830, was reassessed for the new private owner at $190,000.

Tax proceeds in most states are used indiscriminately for highways, airports, waterways, and other indirect subsidies to railroad competitors. Thus, bureaucrats are in a position to re-allocate railroad traffic to subsidized, property-tax-exempt, nonrail transport. The results of arbitrary, political traffic redistribution are all too evident. A new public highway is immediately congested by long-haul truck traffic. A tax-paying parallel railway line loses traffic, to operate far below capacity.

It is high time that administrators of Mid-Victorian railroad taxing and regulating policies understand that railroads were built in good faith to provide vital transportation service. State tax looting practices severely hamper railroad ability to serve customers and invite long overdue congressional action to stop depredations on interstate commerce. Robber baron tax collectors for 24 states are looting travelers and shippers residing in all 50 states. ◈

IDEAS ON LIBERTY

### *Lincoln, Today*

PAUL FISHER, of Redondo Beach, California, suggests, that if Lincoln were commenting today, his statement might have been:

"We cannot use the law to favor some of the people some of the time without endangering the freedom of all of our people, for all time."

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# the Fiasco of Urban Renewal

MARTIN ANDERSON

BUSINESS LEADERS have heard many times in recent years that our housing and our cities are decaying, that private enterprise cannot save them, that the government must step in and "help" private enterprise with urban renewal, and that they – as responsible citizens and businessmen – should collaborate with the government in this effort.[1] In my judgment, none of these statements is true.

The purpose of this article is to evaluate the federal urban renewal program – its goals, its methods, its accomplishments – and to compare them with those of the free marketplace. A comparison of the results that these two forces – the federal urban renewal program and private enterprise – have produced since 1949 brings out some fundamental issues and questions that have been obscured in a fog of good intentions and platitudes. The basic question is this: Should the federal urban renewal program be continued and expanded, or should it be stopped? I shall argue that it should be stopped.

[1] See, for example, Leland Hazard, "Are We Committing Urban Suicide?" Thinking Ahead, *Harvard Business Review*, July–August 1964, p. 152.

Dr. Martin Anderson is Associate Professor of Economics and Finance, Graduate School of Business, Columbia University, and author of *The Federal Bulldozer*. This article is reprinted by permission from the January-February 1965 issue of the *Harvard Business Review*.



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### Goals of Renewal

In response to continual exhortation and pressure to do something to "save" the cities and improve housing, Congress enacted the federal urban renewal program in 1949, proceeding on the conviction that a program of this type would help to –

. . . eliminate substandard and other inadequate housing through clearance of slums and blighted areas;

. . . stimulate sufficient housing production and community development to remedy the housing shortage;

. . . realize the goal of a decent home and a suitable living environment for every American family.

I doubt that anyone can argue with these goals. Better homes, improved neighborhoods, and the elimination of slums – all are desirable. The difficulty is not with the goals, but with the means of accomplishing them and with the consequences that result.

### What the Program Is And How It Works

In essence the federal urban renewal program attempts to rebuild rundown areas of cities by feeding large amounts of public money and government power into the normal operations of the private marketplace. It does not complement the private market; it short-circuits it.

This is how the program works. First, a section of a city is designated as an urban renewal area, and plans are drawn up and approved by the local renewal agency, the local governing body, and the federal authorities in Washington. A public hearing is then held at which local renewal officials document their case for urban renewal. At this time other persons interested in the project have the opportunity to speak for or against it.

Once the planning is complete, execution starts. Though some execution activities may be carried on simultaneously, there are six basic steps:

(1) *Land acquisition.* The land and the buildings are usually acquired by negotiation with the owners, but if this fails, the renewal authorities will use the power of eminent domain to force the recalcitrant owners to sell; in cases like this, the purchase price is determined by independent appraisers.

(2) *Displacement and relocation.* Individuals, families, and businesses located in the area are forced to move and find homes or establish businesses elsewhere. The law provides for some compensation and requires renewal authorities to relocate them satisfactorily, although in practice this does not always happen.

(3) *Site clearance.* The wrecking cranes and the bulldozers demolish

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any buildings not considered useful by the renewal authorities.

(4) *Site improvements and supporting facilities.* The cleared land is usually improved by the construction of streets, sewers, water mains, lighting systems, schools, libraries, and parks.

(5) *Disposition of improved land.* The cleared and improved land can be sold, leased, donated, or retained by the renewal agency. Usually the land is sold to private persons either by competitive bidding or by negotiation between renewal officials and the private buyer.

(6) *New construction.* The new construction may be residential, industrial, commercial, or public; so far it has been predominantly private residential. The private developer is usually obliged to build according to a general plan approved by the renewal authorities.

This, then, is urban renewal — damned by some, praised by many, and understood by very few. At first glance, urban renewal would seem to be a most desirable program, both plausible and appealing. The picture is often painted like this: *before* — dirty, dark, ugly slums; *after* — clean, bright, beautiful buildings. The contrast is clear, the appeal seductive, but this picture shows only the hopes and wishes of urban renewal. The realities of its costs and consequences are drastically different.

***Everybody Pays***

Urban renewal is, of course, expensive. The gross project cost of urban renewal includes all expenses incurred by a local renewal authority — planning costs, land, buildings, overhead, interest, relocation, site improvements, and supporting facilities.

Assume that all this costs $9 million for a good-sized project. Where does the money come from?

Some of it comes from private developers who buy the cleared and improved land. On the average, private developers have been buying urban renewal land for about 30 per cent of the gross cost of the project — say, $3 million for our $9 million project. This leaves the city with a net cost of $6 million. The federal government will pay two-thirds of this net cost, or, in this case, $4 million.

Thus, for our $9 million project, we get $3 million from the private developer who becomes the new owner, $4 million from taxpayers all over the United States, and $2 million from taxpayers living in the community with the urban renewal project. Additional features, called noncash grants-in-aid, can reduce the net cost to the city still further.

Because the federal government subsidizes two-thirds of the net cost to the city, some people

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feel that urban renewal is a bonanza that cannot be passed up. This might be true if only one city were engaged in urban renewal; but there are over 1,500 projects in about 750 cities throughout the country. Through federal taxes, the residents of any one of these cities are helping to pay for all the other projects. As more and more cities attempt to "get their share" and the over-all cost of the program rises, the cost to all necessarily increases.

### *Better Housing?*

One of the most serious consequences of the federal urban renewal program is the effect that it has had on the supply of housing, especially low-rent housing. This is ironic because one of the goals of the program is to improve living conditions. Why has this goal not been realized?

The typical urban renewal project destroys a great many homes. Between 1950 and 1960, the program was responsible for the destruction of approximately 126,000 housing units. Of these homes, 101,000 had been classified as substandard by the local renewal authorities, while 25,000 were in good condition. The good ones were destroyed because they were judged to be incompatible with the proposed plan for the area.

I have estimated that in this same decade approximately 28,000 new housing units were completed within urban renewal areas.[2] About 25,000 of these were privately owned homes; 3,000 or so were public housing units. Score: 126,000 down, about 28,000 up. This means that almost four times as many homes were destroyed as were built.

The total effect on housing conditions was even worse. All the 126,000 homes that were destroyed were located in older sections of cities, and almost all were low-rent units. It is doubtful whether the average rent paid exceeded $50 or $60 a month. On the other hand, the rents of the new privately owned homes were very high. For example, those homes built in 1962 in urban renewal areas had rents averaging $195 a month. (A small percentage rented for over $360 a month!) Hence it was virtually impossible for any person displaced from an urban renewal area to move back in; he could afford it only if he moved into public housing. And only 3,000 units of public housing were built – an insignificant number in comparison to the number of units destroyed.

Thus the net effect of the federal urban renewal program in

[2] *The Federal Bulldozer* (Cambridge: The Massachusetts Institute of Technology Press, 1964), pp. 65-67.

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the field of housing for the period I have studied can be summed up in this way:

- More homes were destroyed than were built.
- Those destroyed were predominantly low-rent homes.
- Those built were predominantly high-rent homes.
- Housing conditions were made worse for those whose housing conditions were least good.
- Housing conditions were improved for those whose housing conditions were best.

### *Improved Living Conditions?*

Private studies indicate that the people displaced by urban renewal usually move into housing of approximately the same quality as the housing they were forced out of – but they often pay more for it. Their predicament is compounded, not alleviated, by urban renewal. Government studies, on the other hand, indicate that about 80 per cent of the displaced people move into standard housing. Obviously, both the private studies and the government studies cannot be correct.

I suspect the reason for the discrepancy between them is that local government officials decide whether or not a dwelling unit in an urban renewal area is standard or substandard, and their estimates are therefore subject to bias. An official interested in speeding up the process of an urban renewal project may be tempted to apply high housing standards to justify the taking of the property, and then, when it comes to relocating the people displaced, he may be tempted to use quite low housing standards to justify the quick relocation of these people.

The notion that over 80 per cent of the displaced people move into good housing is difficult to reconcile with other relevant facts. The people living in these areas are relatively poor. A great many of them come from minority groups; approximately two-thirds of all those forced to move are Negroes and Puerto Ricans. Good-quality, conveniently located housing costs so much more than poor housing that it is difficult to conceive of hundreds of thousands of low-income people, many of them subject to racial discrimination, suddenly moving from low-quality housing into higher-quality housing at rents they can afford.

And then one might ask the following question. If it is true that all this good-quality, conveniently located, low-rent housing is available, why then is it necessary to force these people out of their homes with a bulldozer? Would it not be far simpler, more just, and much cheaper just to *tell* them

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about the better homes available elsewhere?

### One Million Evictions

The number of people affected by the program was small during its first few years of operation. But I have estimated that as of December 31, 1962, approximately 1,665,000 persons were living or had lived in urban renewal areas. This is about the same number of people that live in Detroit, Michigan – the fifth largest city in the United States. Some of these people have already been forced out; the rest will be on their way eventually.

The number of people actually evicted so far is very large. By March 31, 1963, about 609,000 persons had been forced to move, and the number has, of course, continued to go up. I estimate that at least 1,000,000 people will be evicted by the end of 1965. And this is by no means the end; in fact, it is probably just a small start. In 1962, William Slayton, the Commissioner of the Urban Renewal Administration, stated that approximately 1,000,000 families would be displaced during the next decade. This means that somewhere around 4,000,000 persons will be actually displaced by 1972 – or about one person out of every 50 living in the United States.

### Good for Business?

Although most urban renewal areas are predominantly residential, they often contain a number of businesses. These businesses range from one-man offices to industrial concerns with several hundred employees. According to a 1960 report financed by the Small Business Administration:

> It is estimated that there are over 100,000 business firms in all 650 project areas. . . . The approximately 100,000 firms scheduled for dislocation from project areas on December 31, 1959, represent a beginning only. . . . New projects have been started at an increasing rate. Although no precise forecasts have been made, it is expected that the volume of business dislocations from renewal areas over the 1960-1970 decade will be at least twice the 100,000 already underway or planned.[3]

What happens to a business when it is forced to move? Does it stay in business? Where does it move to?

According to the study quoted above, many firms never relocate at all. This study covered 14 cities with 21 urban renewal projects containing a total of 2,946 dis-

[3] William N. Kinnard, Jr. and Zenon S. Malinowski, *The Impact of Dislocation from Urban Renewal Areas on Small Business*, prepared by the University of Connecticut under a grant from the Small Business Administration, July 1960, pp. 2-3.

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placed firms. The finding: 756 of them either went out of business or disappeared. Similar findings have been made by others:

- A study conducted by Brown University in the city of Providence, Rhode Island, found that 40 per cent of the businesses displaced went out of business.[4]

- A study prepared by the Library of Congress concluded that urban renewal projects "are destroying small businesses and jobs and contributing to the unemployment problem."[5]

What about rents for firms forced to relocate? In the study prepared for the Small Business Administration, a sample was taken of four cities that contained 1,142 displaced firms. Only 41, or 3.1 per cent, actually moved back into the urban renewal area. The researchers observed:

> . . . Approximately 75 per cent of those who do relocate find quarters within one mile of their former location; and nearly 40 per cent within one-quarter mile. They generally occupy about the same floor area they did before (which is less than they claimed to want or need), at a square foot rental at least double what they were paying (which is much more than they claimed to be able to afford or to be willing to pay).[6]

### *The Tax Myth*

One of the most valued arguments presented by those who favor expansion of the urban renewal program is that it will strengthen and increase the tax base and thus increase tax revenues to the city. Unfortunately, this has not happened, and the chances of urban renewal producing a significant tax revenue increase in the future are small.

The latest data I have on new construction actually started in urban renewal areas goes through March 31, 1961. It shows that the urban renewal programs actually *decreased* the tax revenues flowing into the cities' tax coffers. By the end of 1960, approximately $735 million of real estate had been destroyed in urban renewal project areas. About $824 million of real estate construction had been started, $577 million of which was privately owned and thus taxable. If we optimistically assume that 70 per cent of this total amount privately started was ever finished, the net result is about $400 million worth of taxable property — $335 million *less* than we had before urban renewal!

Is this a temporary situation,

[4] Chamber of Commerce of the United States, *Washington Report*, December 20, 1963.

[5] *Ibid.*

[6] W. N. Kinnard, Jr. and Z. S. Malinowski, *op. cit.*, p. 75.

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or is an adverse tax effect a fundamental quality of urban renewal? Several factors militate against net tax increases:

(1) Interim tax losses from real estate destroyed are often overlooked. Once buildings are down, no taxes are paid on them. Nor are any taxes paid until new buildings have been put up. The new buildings will probably be worth much more than the old ones. But the length of time between the destruction of the old buildings and the construction of the new ones can easily be five years or more. During this time the city is losing tax revenue.

(2) Tax revenue increases that would have occurred in the absence of urban renewal must be considered. In most cases, a certain amount of new construction and rehabilitation would probably have been accomplished with private funds, thereby increasing the tax base with no cost to the city.

(3) Much of the new construction in the urban renewal area would have been built elsewhere in the city anyway. Some experts in the field estimate that from 50 per cent to 75 per cent of this construction would have been accomplished by private enterprise.[7]

(4) Many of the new tenants in an urban renewal area will come from other parts of the city. What happens to the value of the buildings they vacate?

(5) Some cities have had to give special tax abatements to induce private developers to come in. This, of course, will further reduce any net gain in tax revenues that might materialize.

To be sure, *some* of the factors operating may tend to increase the tax revenues. If an urban renewal project is successful, it is possible that the value of the surrounding buildings may increase. But before this is translated into increased taxes, the assessment on the buildings must be raised.

The whole issue of tax revenue changes is still a cloudy one and will probably remain so. It should be kept in mind that the net change will be the result of many complex factors. It is not enough just to compare the value of the old real estate with the proposed value of the new real estate. Timing of payments, effect on the rest of the city, what would have happened without urban renewal—these must all be considered, along with the fact that the process of urban renewal itself costs the city a considerable amount of money.

### *Constitutional?*

Under the Constitution of the United States, it is understood that a man is free to use his property as he desires as long as he does not interfere with the rights of others. Traditionally, public

[7] See *The Federal Bulldozer*, pp. 180, 181.

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use is the *only* reason for which the government may seize private property. The Supreme Court changed this in 1954, and today, under the federal urban renewal program, it is possible for the government to seize the property of one man, destroy it, and then sell the cleared land to some other man at a negotiated price.

The Constitution clearly states that the power of eminent domain may be used only to seize private property for public use. Approximately 70 per cent of the new construction in urban renewal areas is privately owned. By no distortion of the thinking process can this be construed to be a public use; it is clearly a private use.

The Supreme Court essentially justified this procedure on the grounds that it was in the public interest. They neatly sidestepped the problem of clearly defining the public interest. The use of the public interest to justify a government program often means that one group of people will gain at the expense of some other group. Those who do not mind sacrificing the rights of a few persons in the name of the public interest eventually may end up sacrificing the rights of the public in the name of the public interest.

The equation of public interest with public use is a dangerous principle to accept. It means that the government theoretically could seize anyone's property for any reason that an official claimed was in the public interest if he could justify it to the satisfaction of the court. Every citizen has the responsibility of questioning the decisions of the Supreme Court. The Court is not infallible in its interpretation of the law; and its decisions can be reversed.

### *Power of Free Enterprise*

According to certain experts, things are getting worse in urban housing. In a report of the President's Commission on National Goals in 1960, Catherine Bauer Wurster stated:

> There is a great deal of seriously substandard housing in American communities, and spreading "gray areas" in various stages of actual or potential decay, plus commercial and industrial blight. It is quite evident that economic progress alone does not cure these evils, and that local governments cannot do the necessary job alone. . . . [8]

Others have made similar statements. If they are correct, it seems that we are in for serious trouble. Fortunately, the actual developments of recent years contradict these pessimistic opinions.

[8] "Framework for an Urban Society," *Goals for Americans — The Report of the President's Commission on National Goals* (Englewood Cliffs, New Jersey: Prentice-Hall, Inc., 1960), p. 229.

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Impressive progress has been made toward achieving the objectives set forth by Congress in 1949. Over-all housing conditions have improved dramatically, in cities and outside of cities, for the poor and for the rich, and for the nonwhites as well as the whites. This progress has been furthered by businessmen operating in the free marketplace. To summarize some of the more important aspects of the record:

• Both the relative and absolute changes in housing quality between 1940 and 1960 were striking. In 1940, 51 per cent of all housing in the United States was considered standard or sound; in 1950 the proportion had moved up to 63 per cent; and in 1960, fully 81 per cent was classified as standard. If this trend continues, it is likely that the Census of 1970 will reveal that 90 per cent to 95 per cent of all our housing is standard.

• From 1950 to 1960 alone the total number of standard homes increased from 29.1 million to 47.4 million, a 63 per cent increase in just ten years. This increase of over 18 million standard homes was the result of both new construction and rehabilitation. Over 12 million new units were built, and the number of substandard units declined from 17 million to under 11 million. Virtually all of this was accomplished by private construction, rehabilitation, and demolition efforts; massive amounts of private funds were invested in housing. These investments were in no way connected with the federal urban renewal program.

• From 1945 to 1960, private mortgage debt outstanding increased by almost $170 billion. Although approximately 40 per cent of this total was insured by the federal government through the Federal Housing Administration and the Veterans Administration, this does not mean that the government was responsible for the increase in housing quality. The underlying demand for housing and the growing income of those who desired better housing were clearly the predominating factors. The effect of government insurance programs was probably to produce a slight increase in the amount of housing starts; but it should be kept in mind that if these government insurance programs had not existed, private insurance companies, such as the Mortgage Guaranty Insurance Corporation, would have surely developed at a much faster rate than they did.

• The amount of really bad housing – that classified as dilapidated by the Bureau of the Census – declined from 9.8 per cent in 1950 to 5.2 per cent in 1960. The 1960 over-all vacancy rate was slightly over 9 per cent. The number of dilapidated homes was actually smaller than the number of vacant homes. Vacancy rates were much higher for poor housing than for good housing. In 1960, 6.8 per cent of the standard housing was vacant, where-

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as the vacancy rate was 20 per cent for dilapidated housing. Then, as now, the fact seemed to be that there were a certain number of people who either could not or would not spend enough money to rent or to buy the available standard housing.

### *Housing for Minorities*

It is sometimes charged that the free working of capitalism cannot produce gains for some groups of people, particularly the nonwhite population. Many are convinced that the only answer must lie in the direction of greater government intervention and higher public subsidies.

In fact, the nonwhite population of the United States has enjoyed a very substantial increase in the quality of its housing. From 1950 to 1960 there was an over-all net increase of 1,813,000 standard units and a decrease of 537,000 substandard units. Between 1950 and 1960, the per cent of standard housing occupied by nonwhites doubled – going from 28 per cent to 56 per cent. Most of the bad housing is now located in the South, where only 38 per cent is standard. In the Northeast, 77 per cent is standard; in the North Central, 73 per cent; in the West, 79 per cent. In comparisons like this it should be remembered that the rents paid by whites are about 29 per cent higher than those paid by nonwhites, and that the values of the homes owned by whites are over 82 per cent higher.

The housing conditions of nonwhites have improved substantially, and although the quality of their housing does not yet equal that of the whites, it is rapidly approaching it, particularly in areas outside the South. Compared to the federal urban renewal program, the private marketplace is making swift, substantial progress.

### *Marching Metropolises*

The same type of improvement in housing quality that has taken place throughout the country has taken place in our cities. In 1960, fully 88.6 per cent of the housing located in central cities of over 100,000 population was classified as standard. In these same 128 central cities, the dilapidated housing had declined to slightly over 3 per cent of the total. In our 13 largest cities, taken as a group, 90.1 per cent of all housing was standard in 1960; only 2.6 per cent was dilapidated.

Housing quality in cities has been continually improving, and now, as in the past, housing in cities is substantially better than in the country taken as a whole. Today the bulk of the relatively small amount of bad housing that still exists lies outside of our

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cities, particularly in the rural areas. Only 18 per cent of the substandard housing lies within cities having populations of more than 100,000. There appears to be a definite correlation between the degree of urbanization and the amount of good housing.

Since the war, construction activity has been booming all over the United States and its cities. From 1950 to 1960, approximately $52.6 billion of new building construction went up in cities with populations over 100,000. Only a little over 1 per cent of this was urban renewal construction. If our cities are "declining," as is often claimed, how does one account for the steady increase in building activity?

What about the worrisome claim that the middle-income group is disappearing from the city? The city of the future is prophesied by some as the city of the very rich and the very poor. The facts indicate that this has not happened and probably will not happen. If we define "middle-income" as $4,000 to $10,000 a year, we find that almost 57 per cent of all people living in large cities fall within this range. In fact, the income distribution in large cities is roughly the same as that for the country as a whole. Today's city is not the city of the very rich and the very poor; it is predominantly the city of the middle-income group.

By any objective measure, the indications are clear that our cities —in over-all terms — are continually improving and that today they are better than they ever were before.

*Validity of Data.* The foregoing facts were taken from the data on housing quality collected every ten years by the Bureau of the Census. These Census data were the result of observations made by 150,000 enumerators, all of whom were given careful instructions on how to classify housing.

The three categories used in 1960 were "sound," "deteriorating," and "dilapidated." Categories or definitions of categories vary slightly from decade to decade, but adjustments were made to make the data comparable in time, and the effect of the slightly changed definitions was negligible. Generally speaking, "sound" housing has no defects or has slight defects that would normally be corrected during regular maintenance (lack of paint, for example). "Deteriorating" housing needs more repair than that required by normal maintenance (a shaky porch or broken plaster, for example). "Dilapidated" housing does not provide safe and adequate shelter.

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Although the Bureau of the Census data can be criticized, they are by far the best available today — most accurate, broadest in scope, and most consistent over time. I emphasize this because a considerable number of self-styled experts consider their lone opinions superior to those of 150,000 trained enumerators. They would justify their conclusion that the city or housing is deteriorating solely on the basis of their visual impressions. This is not a valid way to measure changes in housing quality. The amateur's experience is very limited, his standards cannot be identified, and there is no way of knowing whether his standards change from year to year.

The next time you hear that the city is deteriorating, ask: "In what way? By whose standard?"

### *Conclusion*

Since 1949 two different methods have been used to grapple with the "problems" of housing and cities. One of these is basically the system of free enterprise, guided by the complex interplay of the marketplace. The other force is the federal urban renewal program, guided by over-all plans prepared by city planning experts and backed up with the taxpayers' money and the police power of the government.

The facts tell us that private enterprise has made enormous gains, while the federal program has not. Contrast, for example, the fantastic increase of 18 million homes in areas outside urban renewal projects with the net decrease of homes within urban renewal projects. Consider also the decrease in low-rent housing and the increase in high-rent housing in the urban renewal areas; urban renewal actually subsidizes high-income groups and hurts low-income groups. Add to this the destruction of businesses and the forcible displacement of people from their homes. The program endangers the right of private property — commercial and residential — in its equating of public interest with public use.

The over-all results of the government's program, when compared to the results of private forces, are negligible. Its over-all costs, when compared with its results, are high. On balance, the federal urban renewal program has accomplished little of benefit in the past, and it appears doubtful that it will do better in the future.

However, there are times when participating in a federal urban renewal project — as a contractor, a banker, or a businessman — may be attractive if only short-run gains or profits are considered.

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Participation may make it possible for a businessman to get that location he wants from an owner who has been unwilling to sell; it may renovate an adjacent area and thus increase the value of his property; it may eliminate buildings that are visually offensive to him; and he may even make some money out of it.

But in supporting the program for these or other reasons, the businessman should be aware that he is supporting a government program that, in the long run, is detrimental to his own interests. It uses the concept of eminent domain in such a way that private property – business as well as residential – can be taken and resold by the government to other private persons for their own use simply because it is supposed to be in the public interest. It implies acceptance of the idea that private enterprise cannot work effectively in the field of housing and that government must intervene, when, in fact, this is not true. It subsidizes some businesses and construction interests that are in direct competition with those of other private businessmen. During execution it lowers the tax base of the city – in some cases perhaps permanently – and thus increases the tax burden for the rest of the city.

And, finally, the businessman may be hurt directly when the local renewal authorities decide that the area in which *he* is located is blighted! The irony of Washington's urban renewal program is that without the enthusiastic collaboration of many businessmen it would come to a grinding halt.

In my judgment, the program should be repealed now. This could be accomplished simply by not authorizing any new projects. All projects currently under contract could be carried through to completion if the individual cities desired to do so.

As the Greek philosopher Aristotle stated more than 2,200 years ago: "Even when laws have been written down, they ought not always to remain unaltered."

What would be the results of such clear-cut, positive action? Would slums proliferate? Would housing get worse? Would cities die? Clearly, *no*. The record of what has been achieved outside of the federal urban renewal program by private forces is concrete evidence of what can be done by an essentially free-enterprise economic system. If this is what can be accomplished by free enterprise, the rational course of action is to encourage it to function, not to attack it or to sabotage it. ◈

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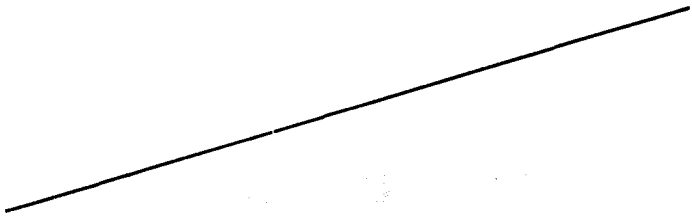

WE LIVE in a mercantilist age. Great industries, depending on government for sales and contracts, feel compelled to think twice before taking a case to the public. As in the days of King George III, there is the "court" to consider. There is a "partnership" between industry and government, but since one "partner" has the power to inspect the tax reports of the other, or to deny him a contract, it is not precisely a partnership among equals. The "court" comes first.

There is not much point in complaining about this state of affairs. The defense necessities of the nuclear age make the United States government a huge buyer of hardware. The aircraft manufacturers, the missile makers, the providers of steel, aluminum, and copper, would be not only remiss to their stockholders but tremendously unpatriotic men if they were to refuse their services to Secretary McNamara. When the military budget is upwards of fifty billion dollars a year, the free enterprise system will find itself implicated with mercantilist doctrine whether it wishes it or not. Somebody is going to get those contracts, and the business concern that doesn't have its courtiers on hand to present a case to the sovereign may find itself in hot water in trying to explain a sagging sales chart to the board of directors.

Under the circumstances, it is probably miraculous that we don't have a lot more corruption than we already have of the type which Clark R. Mollenhoff describes in his *Despoilers of Democracy* (Doubleday, $5.95). With businessmen going to work for government, there are always psychological ties to the old company, or the old bank, or the old home town. Even though all physical symbols betokening a "conflict of interest"



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may be stored away for the moment in trust, or even disposed of for good, men cannot escape the pull of their pasts. "Integrity" must become a matter of degree because of subconscious factors. So, if Texas gets a contract and California does not, it may not mean very much provided most of the other – and more objective – factors are equal.

The soil, however, will always be ready for the growth of "raw" corruption. Mr. Mollenhoff's book is concerned with "raw" cases and not with the general development of the modern mercantilist system. A third of his book is devoted to the scandals developing from the Bobby Baker case. A fourth of the pages detail the quarrels that have beset the Department of Defense over such things as the TFX contract (it went to General Dynamics, a Texas company, instead of to Boeing, of the State of Washington). Then there are chapters on the Billie Sol Estes business, and the stockpile scandals, and the Otepka case (which involved "security" inside the State Department), and some skulduggeries and injustices in the administration of foreign aid.

Mr. Mollenhoff is a first-rate reporter who belongs to the diminishing tribe of those who are capable of combining indignation with an ability to marshal facts in a calm and orderly manner. Back in the nineteen twenties, when Paul Anderson was reporting for the *Nation*, we used to have a lot of Mollenhoffs around. But in our ideological age they are growing scarce. Today exposures usually follow party lines. So it is refreshing to get a book which doesn't pull its punches to let a Democrat or a Republican, a liberal or a conservative, get the better of a bargain.

### Growth of Government Leads to Corruption

For my taste as a libertarian, however, *Despoilers of Democracy* would have been a better book if Mr. Mollenhoff had stopped to consider where the growth of mercantilist capitalism is bound to lead us. Won't it be to a sort of generalized state of diffused corruption that takes in just about everybody? The advance of government – i.e., the "court" – into the business domain must turn us all into courtiers of sorts. Where we used to live by competition, we will find ourselves cultivating the courtier's assets of flattery, subservience, and willingness to conform.

I wish Mr. Mollenhoff had schematized his book along lines that would have separated corruption in the defense sector of the economy, which must in the nature of

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things deal with government, and corruption in things like agriculture, which don't have to be implicated with government at all. When Secretary McNamara insists there were compelling reasons for taking a General Dynamics plane instead of a Boeing plane, it is difficult for me, a civilian who is mystified by aerodynamics, to know whether he has a case or not. The only thing that is certain is that the United States, as one of the two superpowers in the world, is going to need a good military defense. But when a Billy Sol Estes manipulates cotton allotments and mortgages on nonexistent liquid fertilizer storage tanks to pile up a few million dollars, I know that none of this could have happened if the government had not been implicated in the futile attempt to "control" agriculture in the first place.

Any government is bound to make some mistakes, and have some corruption, when it must go to private industry to get airplanes and rifles and army blankets and armor plate. But the attempt to control the price level or the distribution of incomes in agriculture is an unnecessary bit of corruption in itself. It makes the government a prime evader of the antitrust laws. I can forgive an Administration for letting politics seep into the award of defense contracts. But when an Administration finds itself embarrassed by a Billy Sol Estes, I have no sympathy for it.

### *Stockpile Manipulation*

When there is money being passed around, the ravens – or should one say the vultures? – will gather. It could be nobody's fault in the White House or in the office of the Majority Leader of the Senate when a Bobby Baker has an interest in a food-vending company that is trying to sell its services to defense plants. This sort of thing will happen under mercantilism anywhere, and when the mercantilism proceeds from defense necessities we have to count on Bobby Bakers turning up. But where is the justification for government to go into stockpiling of raw materials beyond a certain point?

We have just been witness to what can be done with stockpiles. But Mr. Mollenhoff's pages on the stockpile scandals make one feel a lot less sorry than we should be for certain big metals companies over their mistreatment in the recent government-manipulated price crackdowns. There is no moral or legal justification for Federal use of stockpiles to effect price control. But some of the metals companies helped dig their own graves here by encouraging

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the government in mercantilist practices when it came to building up the stockpiles not only for defense but to support the market. At one point President Kennedy and Senator Stuart Symington were astonished to discover that "the value of the aluminum in the stockpile exceeds the amounts we would need for three years in the event of war by $347 million." Kennedy also said the "excess supply of nickel is $103 million." The implication is that some of the big metals companies were willing to connive at price control on the way down. Well, the whole business boomeranged on them when President Johnson decided to work the process in reverse. We've all heard about poetic justice, and we know that sauce for the goose is always sauce for the gander. If we had not permitted mercantilism to dominate the business of stockpiling in the first place, Lyndon Johnson wouldn't have had a handy boomerang to hurl at the businessmen. He would have had to go to Congress to get price control, which is the proper place to apply for it if we are to have a government of laws and not of men.

Mr. Mollenhoff's book is designed to improve our civic tone. But it could have a most important by-product in improving our economic thinking. ◈

▸ LIFE WITHOUT PREJUDICE by Richard Weaver (Chicago: Henry Regnery Company, 1965), 167 pp., $4.50.

*Reviewed by Robert M. Thornton*

I VENTURE to predict that Richard Weaver's influence over the years will be all out of proportion to the number of books he wrote. The one under review is only his fifth – the second to be published since his death in 1963 – and is made up of eight essays which appeared in various publications between 1956 and the year he died. While not a great stylist, Weaver was a careful writer who did a lot of hard thinking before he put his ideas down on paper; consequently, he is a great pleasure to read. Keen insights and provocative ideas abound, and there are no superfluous words in this intellectual feast – all good lean meat!

My favorite of the collection is the title essay, "Life Without Prejudice." Prejudice is, of course, a "bad" word today although life as we know it could not go on if many times each day all of us *did not* prejudge. Most persons, for instance, are prejudiced against murder; that is, if questioned on the subject, they would instantly declare themselves opposed to such an act without pausing to reason out a judgment. "A

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prejudice may be an unreasoned judgment . . . but an unreasoned judgment is not necessarily an illogical judgment. . . . [There are] three types of belief for which we cannot furnish immediate logical proof, but which may nevertheless be quite in line with truth." There are "judgments whose verification has simply dropped out of memory . . . opinions we adopt from others — our betters in some field of learning or experience [and those] which have a subconscious origin" — the "intuitions, innuendoes, and shadowy suggestions which combine to form our opinion. . . ."

"A man who frankly confesses to his prejudices is usually more human and more humane. He adjusts amicably to the idea of his limitations. A limitation once admitted is a kind of monition not to try acting like something superhuman. The person who admits his prejudices, which is to say, his unreasoned judgments, has a perspective on himself."

Mark Twain, Weaver notes, gave "a therapeutic insight into the phenomenon of prejudice" when he wrote, "I know that I am prejudiced in this matter, but I would be ashamed of myself if I were not."

The theme running through all of these essays, indeed, through all of Weaver's work, is that humanity is not a theoretical abstraction or "a number of atoms or monads knocking together," but a spiritual community. It is a function of education, he writes in the essay, "Education and the Individual," to nourish this community "in which to feel deeply is to feel widely, or to make oneself accessible to more of one's fellow members. In consequence, it cannot be too forcefully argued that the education which regards only development with reference to externals is not education for a higher plane of living, for the individual and for the society of which he is a part, but for a lower—for an artificially depressed level of living which, were it to be realized, would put an end to human development."

Ours is a cocky generation that denies its debt to the past and its obligations to the future. Weaver reminds us that human society is more than a conglomeration of bodies but is a mystical bond uniting the living, not only with one another, but with the dead and with the generations to come. He reminds us also of the mystery of creation and the expression of awe that should be ours before the individual as a "unique creation, something fearfully and wonderfully made." ◈

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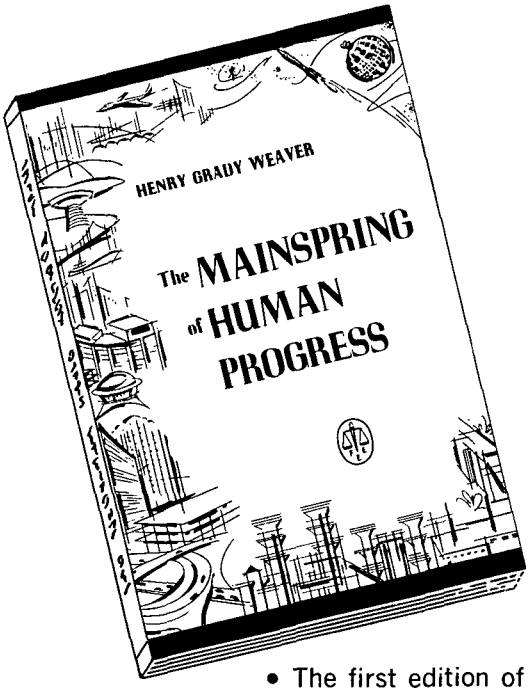


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JOHN WESLEY, from Sermon 50, "On the Use of Money"

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